

Weekly Market Directions

24 November 2023



Trust
must be earned

Amundi



“With softer economic growth ahead and the Fed expected to cut rates in 2024, this supports our positive stance on developed and emerging market bonds”.

Monica Defend

Head of the Amundi Investment Institute

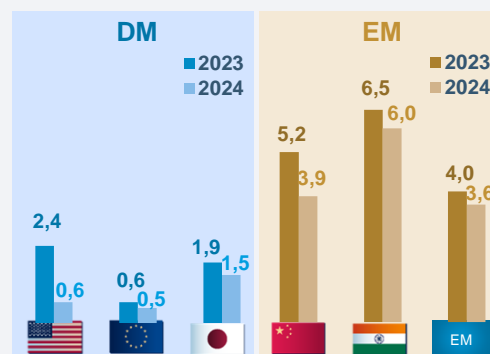
Recent economic data confirms our outlook

We expect soft global economic growth in Emerging Markets, with Asia in particular, to remain the growth engine.

In November, government bonds are back in positive territory YTD (despite a recent pause) and equities are posting strong performances.

A pause, followed by cuts from the Fed bode well for government bonds both in Developed and Emerging Markets.

Emerging Markets (EM) vs Developed Markets (DM) growth forecasts



Source: Amundi Investment Institute, forecasts on GDP YoY % growth as of November 2023.

Last week business surveys in the Eurozone and macroeconomic data in the US (durable good orders) confirm our soft global economic outlook for 2023.

In our just released [Investment Outlook for 2024](#), we expect a global slowdown, with Emerging Markets set to remain more resilient compared to Developed Markets (DM).

Asia will be the global growth engine and is expected to contribute for around 2/3 of global growth in 2024. Inflation is a key variable to watch in 2024. We see it moderating and leading DM central banks to start cutting rates later in 2024.

Against this soft outlook, fixed income is king and is our main conviction for 2023 year-end and H1 2024. For 2024 we see opportunities to rotate towards equity, credit and Emerging Markets when Central Banks start cutting rates.

Actionable ideas



Government bonds in focus amid peaking rates

Global government bonds seek to offer attractive yields and the potential to benefit from interest rates trending lower in 2024.



Multi-asset favoured by a return of the bond engine

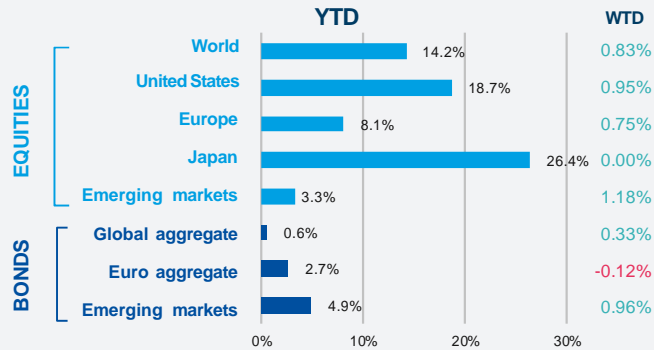
The supportive outlook for bonds is positive also for multi-asset allocations that could also potentially benefit from rotation opportunities across asset classes and regions.

This week at a glance

The direction remained positive for most bonds and equities markets, although to a lesser extent than the previous week due to mixed macroeconomic data. We had European business surveys (weak but, improving), US orders of durable goods (weak) and US and Euro consumer confidence indices (improving).

Equity and bond markets

Asset class performance year to date and week to date



Source: Bloomberg, data as at 24 Nov 2023
Please refer to the last page for additional information on the indices.

Government bond yields

2 and 10 years government bond yields and 1 week change

		2YR		10YR	
	US	4.94	▲	4.47	▲
	Germany	3.06	▲	2.64	▲
	France	3.37	▲	3.20	▲
	Italy	3.65	▲	4.38	▲
	UK	4.71	▲	4.29	▲
	Japan	0.06	▲	0.77	▲

Source: Bloomberg, data as at 24 Nov 2023
Trend represented refer to 1 week changes. Please refer to the last page for additional information.

Commodities, FX and short term rates

Gold USD/oz	Crude Oil USD/barrel	EUR/ USD	USD/ JPY	GBP/ USD	USD/ RMB	Euribor 3M	T-Bill 3M
2003.08	76.71	1.09	149.48	1.26	7.15	3.94	5.26
+1.1%	+1.1%	+0.2%	-0.1%	+1.2%	-0.9%		

Source: Bloomberg, data as at 24 Nov 2023
Trend represented refer to 1 week changes. Please refer to the last page for additional information.

Amundi Investment Institute Macro Focus

Americas



US October durable goods orders suggest business equipment investment on a weak footing in Q4

Looking through the most volatile components, core orders were flat while non-defence capital goods ex-aircraft orders declined again. Consistent with deteriorating survey-based capex intentions, data suggests business equipment investment is starting on a weak footing in Q4, as borrowing costs remain high and lending standards tight.

Europe



November business survey: Euro Area still weak but bottoming out, UK improving

Composite Flash Euro Area PMIs are still weak but show improvement particularly in Germany. These signal a potential turning point as also forward looking subcomponents suggest improvements ahead. Both sectors improved while remaining in contraction territory, with manufacturing still behind. The UK is entering an expansion area.

Asia



Bank Indonesia back to business as usual

As expected, Bank Indonesia (BI) left its Policy Rates unchanged at 6.0%, following last month unexpected 25bps hike. Despite the country sound macro-financial backdrop, the perspective of a Federal Reserve higher for longer triggered a relatively brutal IDR depreciation, followed by BI decision to hike. With the Fed expected pivoting, BI should now pause before starting easing by mid-2024.



NOTES

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Equity and bond markets (chart)

Source: Bloomberg. Markets are represented by the following indices: World Equities = MSCI AC World Index (USD) United States = S&P 500 (USD), Europe = Europe Stoxx 600 (EUR), Japan = TOPIX (YEN), Emerging Markets = MSCI Emerging (USD), Global Aggregate = Bloomberg Global Aggregate USD Euro Aggregate = Bloomberg Euro Aggregate (EUR), Emerging = JPM EMBI Global Diversified (USD)

All indices are calculated on spot prices.

Government bond yields (table), Commodities, FX and short term rates

Source: Bloomberg, data as at 24 November 2023.

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

GLOSSARY

Capital expenditures (Capex) are funds used by a company to acquire, upgrade, and maintain physical assets such as property, plants, buildings etc.

DM: Developed Markets

EM: Emerging Markets.

Fed: Federal Reserve.

GDP: Gross Domestic Product.

HICP: Harmonized Index of Consumer Prices (HICP) is a measure of inflation in the Eurozone.

IDR: Indonesian rupiah

Purchasing Managers' Indices (PMI): PMI Indices are economic indicators derived from monthly surveys of private sector companies. A reading above 50 indicates an improvement, while a reading below 50 indicates a decline.

PCE: Personal Consumption Expenditure.

YoY: year on year change.

YTD: Year to date.

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