

## Central banks and AI in the driving seat

In September, global bond markets came under pressure amid inflation concerns and hawkish shifts by central banks, while equity markets remained relatively calm, supported by strong economic data and earnings, alongside renewed optimism around AI.

In fixed income, the average yield on global government debt has moved close to 4% – its highest level since 2007. Central bank tightening and hawkish tone increased expectations for further rate hikes, pushing the short end of the curve higher and flattening yield curves. Rising funding needs among governments and corporates are also keeping long-end yields elevated.

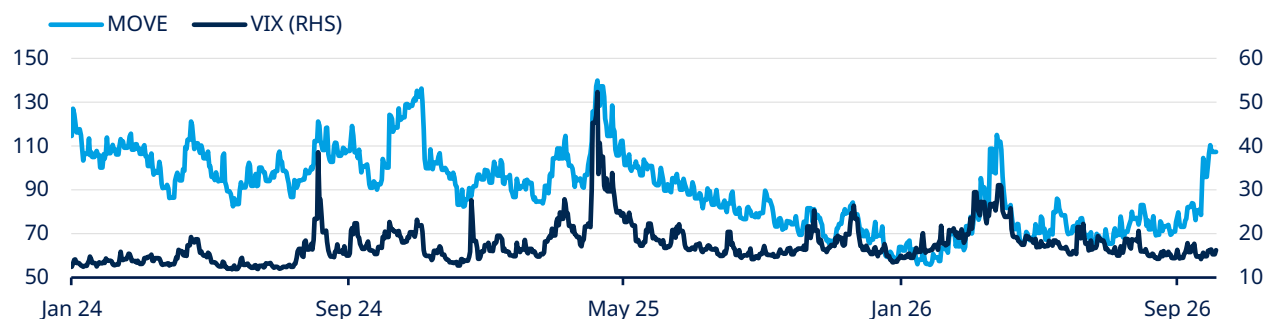
Oil prices remain news-flow driven. Brent rose to \$105 before easing towards \$90. Understanding whether rerouting efforts in the Middle East will be sufficient is becoming increasingly important for commodity markets.

Equity markets proved less volatile, as higher-rate headwinds were partially offset by renewed optimism on AI-theme for new product launches, continued infrastructure spending and positive earnings data.

Looking ahead, we focus on the following themes:

- **Geopolitical developments and inflation expectations.** Tensions in the Middle East have increased, and the risk of a short-term regional escalation remains. Looking ahead, Brent is expected to ease towards \$80 by early 2027. Gas remains a separate risk, as LNG supply, inventories and rerouting capacity are more constrained. Europe faces greater growth risks if gas inventories are not rebuilt, given its import dependence and limited alternative routes. The effects of conflicts in the Middle East and Russia/Ukraine remain closely intertwined, with implications for refined products. Disruption to grain exports from Russia and Ukraine adds to concerns about food prices, alongside the potential impact of a Super El Niño on crops. Under this scenario, we expect inflation to prove more persistent.

## Bond market volatility rises as equity markets remain subdued



Source: Amundi Investment Institute, Bloomberg. Data as of 5 October 2026.



**Vincent Mortier**  
Group CIO



**Monica Defend**  
Head of Amundi  
Investment Institute



**Philippe D'Orgeval**  
Deputy Group CIO

*"We still see risky assets supported by the profit cycle and economic conditions, as long as benign credit and liquidity conditions persist. However, we recognise increasing risks related to rate volatility and geopolitical uncertainty."*

- **Central bank reaction function.** Renewed pressure on energy prices has made inflation more persistent, prompting major central banks to raise policy rates with a hawkish tilt. This reflects a broader effort by major central banks to tackle persistent inflation and reinforce their credibility. We do not expect a prolonged tightening cycle in the different areas, but uncertainty remains high. Looking ahead, we think that a reassessment of the central bank's reaction function is required across three dimensions: inflation persistence and indirect/second-round effects; growth resilience and the threshold at which central banks would respond to weakening demand, including the implications for investments and AI-related capital spending; and financial conditions, taking into account tightening at the long end of the curve and in credit conditions, rather than looking at the policy rate in isolation.
- **Rising scrutiny on capex monetisation.** The higher-for-longer rate environment and competition for capital make investment discipline crucial. Upcoming IPOs will be a key test. The US remains the main pipeline, Hong Kong issuance is already ahead of last year and competing with China, while Europe remains quiet. Listings are increasingly concentrated in semis, power and data-centre infrastructure, as well as businesses already converting AI demand into revenue. Credit supply is also high. US IG issuance has surged this year, led by AI-related capex, and we expect it to remain strong and broaden into Europe. In the near term, the leverage ratio should remain broadly stable, as earnings growth should partially offset the increase in net debt. Overall, this suggests an increasingly selective approach to AI, even if credit spreads are likely to remain relatively stable in the near term.

**In this environment, we maintain a strong focus on diversification and selectivity within a mildly risk-on stance overall.**

## Amundi Investment Institute: Central bank actions

**Fed:** September saw the Federal Reserve raise interest rates for the first time in more than three years. The action should be viewed as an insurance and credibility move. The gap between the Fed's and the market's expectations reflects concern that inflationary pressure may persist, given persistent tensions in energy prices and robust domestic demand. In our view, inflation is unlikely to ease enough in the near term, which supports the case for the Fed to hike again in the coming months, but we expect a mild hiking cycle followed by a pause in 2027.

**BCE and BoJ:** In the Euro area, we expect further tightening this year, although easing energy pressures could allow the ECB to cut rates in the second half of 2027. The Bank of Japan, meanwhile, is expected to continue raising rates towards 2% by mid-2027.

*"The recent actions by major central banks reflect a broader effort to tackle persistent inflation and reinforce their credibility. We do not expect a prolonged tightening cycle everywhere, but uncertainty remains high".*

**Monica Defend**

Head of Amundi Investment Institute

*"Higher borrowing costs and growing competition for funding make investment discipline more important. We look for businesses with the potential to withstand higher rates and generate sustainable earnings."*

Below we have outlined our views on asset classes:

- **In fixed income**, we confirm a close to neutral stance on US duration, maintaining the preference for the intermediate maturity bonds while remaining cautious further out the curve. In the EMU, we remain constructive on duration, favouring peripherals over core and also confirm steepening. In the UK, we confirm a mild positive stance on duration, with a neutral position on curve shape while in Japan we have removed the cautious stance, moving to neutral. In credit, we remain mildly constructive overall, with a preference for Global IG.
- **In equities**, we continue focusing on resilient sectors and balance sheet growth. Strategically, we remain cautious on the US while we maintain our long-term positive view on Europe, which looks attractive on earnings, valuation and diversification. We are constructive on Japan, given strong earnings growth and reasonable valuations. We remain constructive on EM, even if we note the importance of AI capex momentum for equity indices. In a market shaped by AI, energy price uncertainty and re-routing, we believe that Latin American equities can offer diversification supported by attractive valuations and improving policy dynamics.
- **In multi-asset**, we remain mildly pro-risk, with a preference for regional diversification, selectivity and carry rather than strong directional positions. On equities, we confirm a mildly positive view, supported by strong earnings growth, a resilient global growth backdrop, and our expectation of a mild, not prolonged tightening cycle. In FX, we continue to favour higher-carry EM currencies. In commodities, we confirm our positive view on gold, as medium to long term supportive factors remain in place, including expansionary fiscal policies, debt sustainability concerns, reserves diversification.

## Overall risk sentiment

Risk off

Risk on



We remain mildly risk-on, confirming a strong focus on diversification and selectivity.

### Changes vs last month

- **Multi-asset:** In equities, we have decided to switch from the S&P 500 Equal Weight to the S&P 500, as the technology sector could be supported going into year-end. In Fixed income, we have moved to a more neutral position on the shape of the US curve, while in Japan government bonds, we have moved from a cautious to a neutral stance as yields have risen sharply this month.
- **Fixed income:** In the US, we have slightly increased duration, maintaining a steepening bias, with a preference for intermediate maturities and cautious on the long end. In the Euro Area, we have marginally increased the duration, confirming the steepening bias. In the UK, we have removed the steepener, following the recent movements. In Japan, we have moved from a cautious stance to neutral, while still favouring a flattening position.

*Overall risk sentiment is a qualitative view towards risk assets (credit, equity, commodities) expressed by the various investment platforms and shared at the global investment committee. Our stance may be adjusted to reflect any change in the market and economic backdrop.*

ECB = European Central Bank, DM = Developed Markets, EM = Emerging Markets, CBs = central banks, IG = investment grade, HY = high yield, HC = Hard Currency, LC = Local Currency. For other definitions see the last page of this document.

FIXED INCOME

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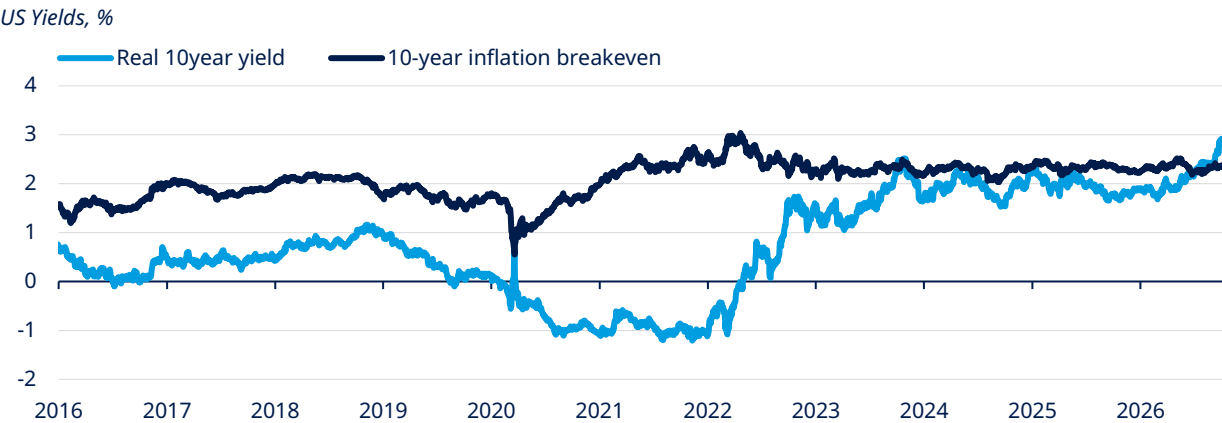
More nuanced positioning

September saw major central banks take action. After a period of hawkish rhetoric, the Fed finally rose rates, alongside similar moves by the ECB and the Bank of Japan. Markets reacted by lifting interest rate expectations and pushing up short-term rates. On top of this, the long end continued to come under pressure amid economic resilience and issuance pressures, which have pushed real rates to attractive levels.

Looking ahead, we remain selectively constructive on duration, preferring short-to medium term maturity bonds while remaining cautious on the long end.

| Duration and yield curves                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | Credit                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | EM bonds and FX                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"><li>▪ In the US, we have slightly increased duration, maintaining a preference for intermediate-maturity bonds while remaining cautious further out the curve. In the euro area, we have marginally increased duration, continuing to favour curve steepening and peripherals.</li><li>▪ In the UK, we have removed the steepener, following recent performance.</li><li>▪ In Japan, we have moved from a cautious stance to neutral, maintaining our flattening bias as monetary policy and term-premium normalisation continue.</li></ul> | <ul style="list-style-type: none"><li>▪ We remain mildly constructive on this asset class, as credit continues to be supported by demand for yield and high-quality bonds.</li><li>▪ As supply is expected to remain elevated and dispersion is increasing, investment discipline and selectivity are becoming crucial.</li><li>▪ We are positive on global IG, with a slight preference for EUR IG, mainly through subordinated over HY. We favour short-dated bonds.</li><li>▪ At sector level, we prefer financials and, among non-financials, telecom, tech and pharmaceuticals.</li></ul> | <ul style="list-style-type: none"><li>▪ We are constructive on EM debt, but, in a global environment of higher yields, we confirm that selectivity remains paramount.</li><li>▪ We maintain a positive stance on Corporate Hard Currency and Sovereign Hard Currency, where we favour Latin America and Sub-Saharan Africa. In Local Currency bonds, we favour Brazil, Hungary and South Africa.</li><li>▪ In EM currencies, we favour LatAm and Central-Eastern Europe over Asian currencies, while awaiting a clearer dollar direction before adding conviction.</li></ul> |

Real yields on the rise



Source: Amundi Investment Institute, Bloomberg. Latest data as of 5 October 2026.

EQUITIES

Earnings support equity opportunities

Equity markets were resilient amid hawkish central bank actions, inflation fears and rising bond yields. Indeed, these factors were partly offset by renewed enthusiasm on AI. Looking ahead, as earnings remain strong, the key question is how far equity valuations could be compressed in a rising-yield environment. Hence, our focus is on resilient, non-disrupted business models with balance sheet strength.

Across regions, we continue to favour areas outside the US as they offer lower concentration and valuation risks. Europe looks attractive relative to the US on earnings momentum, valuation and diversification. We remain positive on Japan, given robust earnings growth and reasonable valuations. EM offer opportunities to diversify across different themes, including energy, technology and structural demand drivers.

AUTHOR

Barry Glavin  
Head of Equity Platform

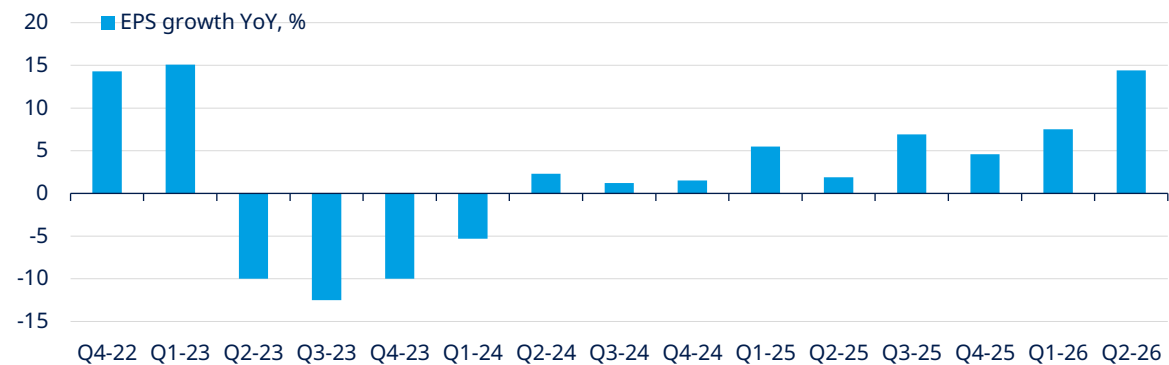
Developed markets

- Globally, we focus on resilient sectors such as consumer staples and healthcare, alongside high-quality cyclical stocks within industrials and materials. We are positive on financials but believe the broad “beta trade” is over and that stock selection is now key.
- Europe remains attractive relative to the US on earnings momentum, valuation and diversification. We see opportunities in technology, and among businesses benefiting from AI adoption. Industrials should benefit from demand growth, amplified by AI, which is boosting demand for equipment and electricity. Utilities are also linked to AI growth, as data-centre electricity demand drives grid expansion.
- In Japan, we like industrials and small- and mid-cap stocks tied to supply-chain resilience, AI and infrastructure. Domestic industrials also look attractive where valuations lag fundamentals.

Emerging markets

- Earnings are robust, driven by digitalisation. Taiwanese and Korean suppliers are benefiting from the AI boom, with US tech spending underpinning demand despite concerns about returns and Chinese competition. In South Korea, the Corporate Value-Up reforms should also be supportive for stocks valuations.
- In China, higher corporate taxes are weighing on cash flow. However, as long as exports keep growing, we do not expect more proactive fiscal support. Overcapacity clouds the earnings outlook, and policy efforts to reduce it will take time.
- Latin America is supported by attractive valuations and the prospect of an improving policy mix, boosting macro stability and the reform outlook. The area is positively geared to global geopolitical frictions and has a competitive advantage in soft and critical commodities.

European earnings are set for their largest increase since 2023



Source: Amundi Investment Institute, Bloomberg, MSCI indices. Q2-26 is as of 31 July. Data as of October 2026

MULTI-ASSET

Diversification, selection and carry

The broader macro view remains mildly pro-risk, with a preference for regional diversification, selectivity and carry. While growth remains resilient but uneven, inflation appears more persistent and is starting to look more broad-based. Central banks are reacting to this, with markets beginning to price in more rate hikes.

In **fixed income**, we retain a constructive duration bias in the US and euro area, as rates are becoming more attractive in absolute terms and the market seems to be pricing in too many central bank hikes. In the US, we maintain a preference for the intermediate part of the curve, as the market appears to be pricing in too many Fed hikes, but we have moved to a more neutral position on curve shape, removing the steepening bias for risk management purposes. In Japan, we have moved from a cautious to a neutral stance, as yields have risen sharply this month. Finally, we remain constructive on euro IG credit and confirm our positive view on EM bonds.

On **equities**, we maintain a constructive view. In the US, we have decided to switch from the S&P 500 Equal Weight Index to the S&P 500, as the technology sector could remain supported into year-end.

In **commodities**, we maintain a positive stance. While recent moves have been driven primarily by shifting expectations around Fed policy and rising yields, several supportive factors remain in place over the medium to long term, including expansionary fiscal policies, debt sustainability concerns and reserve diversification.

In **FX**, overall, we have a cautious stance on the USD and a preference for currencies that offer attractive carry, such as AUD and NOK among G10 currencies, and TRY among EM currencies.

AUTHORS

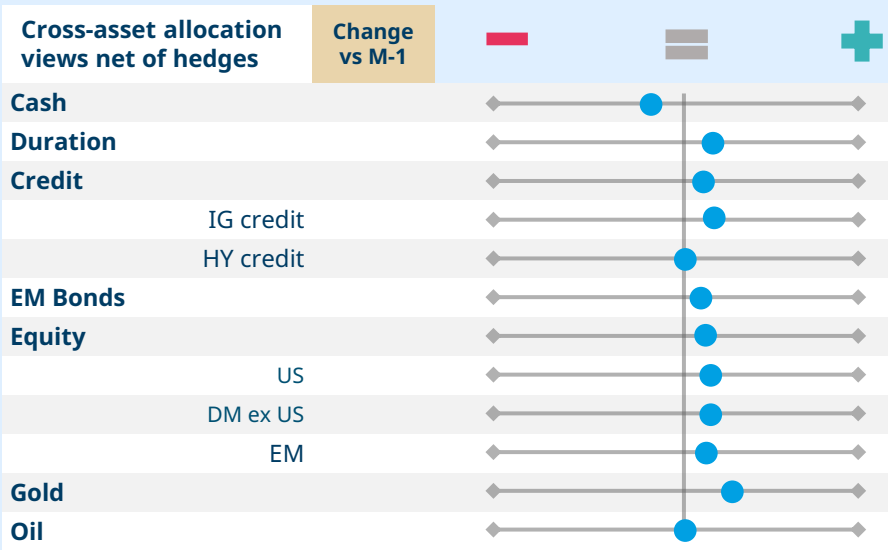
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Amundi Multi Asset Investment Views\*



▼ Downgrade vs previous month  
▲ Upgrade vs previous month

Source: Amundi, as of 23 September 2026. Changes M-1 refers to changes from the previous month. The table represents the main investment convictions (including hedging) of the Multi Asset Platforms. \*The views are expressed relative to a Reference Asset Allocation (with benchmark 45% equity, 45% bonds, 5% commodities, 5% cash) with “=” being neutral. The + and – may not sum up due to potential use of derivatives in the implementation. This is an assessment at a specific time, and it can be subject to change at any time. This information is not intended to be a forecast of future results and should not be relied upon by the reader as research, investment advice or a recommendation regarding any fund or any security in particular. This information is for illustrative purposes and does not represent the actual current, past or future asset allocation or portfolio of any Amundi product.

Amundi views by asset classes

Equity Views

| DM Equities       | Change vs M-1 | --- | -- | - | -/= | = | =/+ | + | ++ | +++ |
|-------------------|---------------|-----|----|---|-----|---|-----|---|----|-----|
| US                |               |     |    |   | ◆   |   |     |   |    |     |
| US equal-weighted |               |     |    |   |     |   | ◆   |   |    |     |
| Europe            |               |     |    |   |     |   |     | ◆ |    |     |
| Europe SMID       |               |     |    |   |     |   |     | ◆ |    |     |
| Japan             |               |     |    |   |     |   | ◆   |   |    |     |

| EM Equities   | Change vs M-1 | --- | -- | - | -/= | = | =/+ | + | ++ | +++ |
|---------------|---------------|-----|----|---|-----|---|-----|---|----|-----|
| EM            |               |     |    |   |     |   | ◆   |   |    |     |
| EM Asia       |               |     |    |   |     |   | ◆   |   |    |     |
| Latin America |               |     |    |   |     |   |     | ◆ |    |     |
| Emerging EMEA |               |     |    |   |     |   | ◆   |   |    |     |
| EM-ex China   |               |     |    |   |     |   | ◆   |   |    |     |
| China         |               |     |    |   |     | ◆ |     |   |    |     |
| India         |               |     |    |   |     | ◆ |     |   |    |     |

Fixed Income Views

| Duration | Change vs M-1 | --- | -- | - | -/= | = | =/+ | + | ++ | +++ |
|----------|---------------|-----|----|---|-----|---|-----|---|----|-----|
| US       |               |     |    |   |     | ◆ |     |   |    |     |
| EU       |               |     |    |   |     |   | ◆   |   |    |     |
| UK       |               |     |    |   |     |   | ◆   |   |    |     |
| Japan    | ▲             |     |    |   |     | ◆ |     |   |    |     |
| Overall  |               |     |    |   |     |   | ◆   |   |    |     |

| Credit  | Change vs M-1 | --- | -- | - | -/= | = | =/+ | + | ++ | +++ |
|---------|---------------|-----|----|---|-----|---|-----|---|----|-----|
| US IG   |               |     |    |   |     |   | ◆   |   |    |     |
| US HY   |               |     |    | ◆ |     |   |     |   |    |     |
| EU IG   |               |     |    |   |     |   | ◆   |   |    |     |
| EU HY   |               |     |    |   |     | ◆ |     |   |    |     |
| Overall |               |     |    |   |     |   | ◆   |   |    |     |

| EM Bonds        | Change vs M-1 | --- | -- | - | -/= | = | =/+ | + | ++ | +++ |
|-----------------|---------------|-----|----|---|-----|---|-----|---|----|-----|
| EM Sovereign HC |               |     |    |   |     |   |     | ◆ |    |     |
| EM Corp. HC     |               |     |    |   |     |   |     | ◆ |    |     |
| EM LC           |               |     |    |   |     |   |     | ◆ |    |     |
| China govt.     |               |     |    |   |     | ◆ |     |   |    |     |
| India govt.     |               |     |    |   |     |   | ◆   |   |    |     |
| Overall         |               |     |    |   |     |   |     | ◆ |    |     |

Global FX views

| FX     | Change vs M-1 | --- | -- | - | -/= | = | =/+ | + | ++ | +++ |
|--------|---------------|-----|----|---|-----|---|-----|---|----|-----|
| USD    | ▼             |     |    |   |     | ◆ |     |   |    |     |
| EUR    |               |     |    | ◆ |     |   |     |   |    |     |
| GBP    | ▲             |     |    |   |     |   | ◆   |   |    |     |
| JPY    |               |     |    |   |     |   |     | ◆ |    |     |
| EM FX* |               |     |    |   |     |   |     | ◆ |    |     |

Source: Summary of views expressed at the most recent **global investment committee (GIC)** and discussions after. Views as of 23 September 2026. The table shows absolute views on each asset class and are expressed on a 9 scale range, where = refers to a neutral stance. This material represents an assessment of the market at a specific time and is not intended to be a forecast of future events or a guarantee of future results. This information should not be relied upon by the reader as research, investment advice or a recommendation regarding any fund or any security in particular. This information is strictly for illustrative and educational purposes and is subject to change. This information does not represent the actual current, past or future asset allocation or portfolio of any Amundi product. FX table shows absolute FX views of the GIC. \* Represents a consolidated view of multiple EM currencies.

▼ Downgrade vs previous month  
▲ Upgrade vs previous month

DEFINITION ABBREVIATIONS

Currency abbreviations: USD – US dollar, BRL – Brazilian real, JPY – Japanese yen, GBP – British pound sterling, EUR – Euro, CAD – Canadian dollar, SEK – Swedish krona, NOK – Norwegian krone, CHF – Swiss Franc, NZD – New Zealand dollar, AUD – Australian dollar, CNY – Chinese Renminbi, CLP – Chilean Peso, MXN – Mexican Peso, IDR – Indonesian Rupiah, RUB – Russian Ruble, ZAR – South African Rand, TRY – Turkish lira, KRW – South Korean Won, THB – Thai Baht, HUF – Hungarian Forint.

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