Amundi Investment Institute

Weekly Market Directions

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Trust must be earned

"Markets are no longer convinced by AI spending alone. Investors now want evidence of cash flow and profitability. This is driving rotation into attractively priced, dividend-generating sectors that can also enhance diversification."

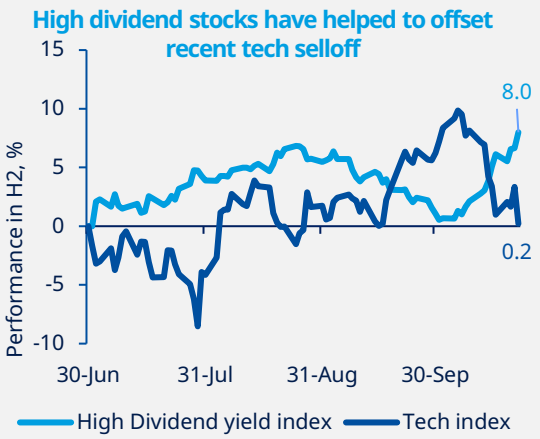
Monica Defend
Head of Amundi Investment Institute

Dividends shine as tech cools

Technology stocks' H2 performance underscores a clear market demand for greater visibility on capital expenditure.

In this environment, companies that consistently return cash to shareholders are likely to stay in demand.

While AI should deliver a productivity boost in the long term to the economy, markets will increasingly distinguish the winners from the losers in the sector.



Source: Amundi Investment Institute, Bloomberg, as of 22 October 2026. MSCI World total return indices in USD.

Confidence in the artificial intelligence theme has weakened in recent weeks, with the MSCI World Technology Index giving back all of the previous month's gains. This was likely driven by a combination of mixed corporate earnings and renewed concerns about AI-related capital expenditure. We think markets have now moved beyond the phase in which the mere mention of an AI roll-out could excite investors. Markets are now increasingly demanding clarity on cash generation from these sizeable AI investments. By contrast, the MSCI World High Dividend Yield Index gained 8% in the second half of the year as markets sought steadier ground, typically found in sectors such as consumer staples, healthcare and utilities — the traditional home of dividend-paying companies — which held up well as the broader market came under pressure. This suggests diversification* opportunities through more attractively valued sectors with strong, stable businesses.

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

Key dates

28 Oct US Fed policy rate, Bank of Canada policy rate

29 Oct ECB policy decision, EZ economic confidence, US GDP

30 Oct EZ GDP, BOJ target rate, South Korea industrial production

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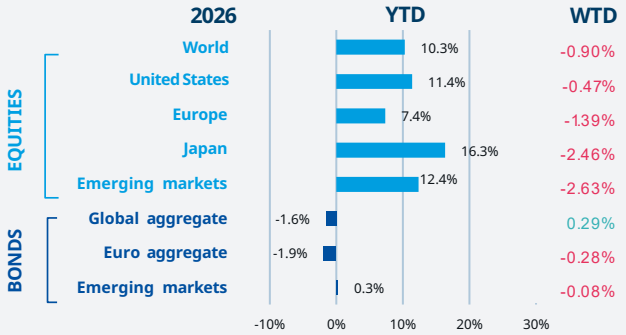
This week at a glance

Global equity markets came under pressure, led by a reversal in technology stocks that spread more broadly. Bond yields in some countries, such as the US, declined amid safe-haven demand, whereas fiscal concerns in other countries pushed yields higher. In commodities, the oil price was affected by a flare-up in Middle East tensions. Gold prices declined amid concerns that persistent inflation could prompt central banks to raise interest rates.

Equity and bond markets

Asset class performances, year-to-date and week-to-date



Source: Bloomberg, data as of 23 October 2026. Please refer to the last page for additional information on the indices.

Government bond yields

2- and 10-year government bond yields, and 1-week changes

	2YR		10YR	
US	4.68	▼	5.00	▼
Germany	3.06	▼	3.34	▼
France	3.78	▲	5.02	▲
Italy	3.53	▲	4.57	▲
UK	4.91	▲	5.36	▼
Japan	1.87	▼	2.80	▼

Source: Bloomberg, data as of 23 October 2026. The trend shown refers to 1-week changes. Please refer to the last page for additional information.

Commodities, FX and short-term rates, levels and weekly changes

Gold USD/oz	Crude Oil USD/barrel	EUR/USD	USD/JPY	GBP/USD	USD/RMB	Euribor 3M	T-Bill 3M
3996	103	1.120	156.9	1.34	6.67	2.67	4.13
-4.07%	+18%	-0.33%	-0.73%	+0.4%	-0.2%		

Source: Bloomberg, data as of 23 October 2026. Please refer to the last page for additional information on the indices.

Amundi Investment Institute Macro Focus

Americas

US labour market holds firm, housing stays under pressure

Initial jobless claims fell to 194,000 in the week ending 17 October, below expectations and consistent with a firm labour market. The housing sector, however, continues to struggle: September housing starts fell to an annualised 1.22 million units, sharply below forecasts and down from the prior month. The releases point to a divided economy, with elevated borrowing costs continuing to weigh on builders and buyers, leaving residential construction under pressure despite labour market resilience.

Europe

Eurozone growth momentum slows in October

The EZ's preliminary business activity reading for October came in below expectations, signalling a modest loss of momentum. The composite PMI index fell to 51.9 from 53.1 in September, as both services and manufacturing slowed. All three readings remain above the 50 threshold separating expansion from contraction, but the pace of growth is clearly decelerating. Weaker investor and consumer confidence also point to growing caution about the near-term economic outlook.

Asia

Japan inflation rises

Japan's inflation excluding fresh food and energy rose to 2.4% in September, above expectations and up from August, signalling renewed underlying price pressures. Meanwhile, the auction of 20-year government bonds drew record demand, while domestic investors increased purchases in the first half of the fiscal year, reflecting stronger appetite at elevated yields.

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 and are gross of fees and taxation.

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

Source: Bloomberg, data as of **23 October 2026.**

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GLOSSARY

FED: Federal Reserve
US: United States of America
YTD: Year to date
WTD: Week to date

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