Weekly Market Directions

Amundi
Investment Solutions

Trust must be earned

"Diversification and selectivity could help navigate a period of increasing scrutiny over policymakers' credibility and the sustainability of earnings in the AI ecosystem."

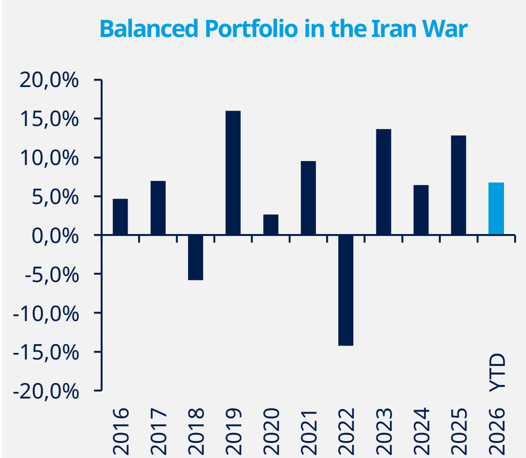
Monica Defend
Head of Amundi Investment Institute

Iran conflict: Diversification at play

In the six months since the start of the Iran war, global growth has remained resilient, while inflation has stayed above target.

Equities rose on earnings and AI optimism, while bonds suffered on fears of fiscal slippage and higher supply.

A European diversified portfolio delivered strong returns, offsetting bond weakness and benefiting from the equity rally.



Source: Amundi Investment Institute, Bloomberg, as of 28 August 2026. Portfolio proxied by the Bloomberg 50 equity and 50 bond Eurozone index.

Six months after the conflict in the Middle East began, the macroeconomic backdrop has proved more resilient than expected, particularly in the Eurozone where we are seeing stronger Q2 data and improving leading indicators. Inflation is expected to peak at lower levels, but remain above target in major economies with geopolitical tensions and climate patterns still posing risks to energy and food prices. Meanwhile, earnings growth has remained solid, broadening beyond technology and across countries, while yields have risen, amid fiscal and supply concerns, as well as shifting monetary policy expectations.

Looking ahead, a diversified approach across regions and asset classes could help navigating a period in which the credibility of policymakers and the fundamentals of companies, particularly in the artificial intelligence ecosystem, will come under increasing scrutiny.

Key dates

1 Sep	Brazil GDP, Eurozone Manufacturing PMI and CPI, US ISM Manufacturing
3 Sep	Eurozone Services and Composite PMI, Eurozone PPI , US ISM Services
4 Sep	Eurozone retail sales, US Nonfarm payrolls and unemployment rate

This week at a glance

Equity markets gained after fresh earnings data reinforced confidence in the AI boom and helped restore investor sentiment. In fixed income, shorter-dated US yields moved higher after new Fed Chair Kevin Warsh struck a hawkish tone at Jackson Hole, causing the curve to flatten. Oil fell on renewed optimism around diplomacy with Iran, while gold retreated as markets priced in further central bank rate hikes. In FX, the US dollar edged slightly higher.

Equity and bond markets

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

	2026	YTD	WTD
	World	13,7%	0.29%
EQUITIES	United States	12,7%	0.49%
EQUITIES	Europe	10,6%	0.15%
EQUITIES	Japan	21,6%	1.95%
EQUITIES	Emerging markets	22,6%	0.01%
BONDS	Global aggregate	-0,2%	-0.14%
BONDS	Euro aggregate	-0,4%	-0.03%
BONDS	Emerging markets	2,9%	0.45%

Source: Bloomberg, data as of 28 August 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	4.35	▲	4.72	▼
Germany	2.90	▲	3.28	▲
France	3.08	▲	4.13	▼
Italy	3.09	▲	4.10	▲
UK	4.40	▲	5.06	▲
Japan	1.70	▲	2.92	▲

Source: Bloomberg, data as of 28 August 2026. Please refer to the last page for additional information on the indices. 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
4455.11	83.40	1.16	160.09	1.35	6.73	2.57	3.81
-3.21%	-4.2%	-0.80%	+0.72%	-0.8%	+0.1%		

Source: Bloomberg, data as of 28 August 2026. Please refer to the last page for additional information on the indices.

Amundi Investment Institute Macro Focus

Americas

US inflation persists at a high level

The PCE price index increased slightly on a monthly basis and remained at 3.7% YoY, slightly above the expected 3.6%; core PCE remained at 3.3%. There has been no further significant acceleration, but inflation remains too high, supporting a Fed hold in September. On the consumption side, US personal spending rose 0.2% MoM, but adjusted for inflation it remained flat. Spending has been concentrated in essential and asset-price-linked services rather than discretionary demand.

Europe

France's inflation rises, driven mainly by energy

In France, inflation rose in August, from 2.4% to 2.7%, with a monthly increase of 0.8%. The rise was driven primarily by energy prices, particularly petroleum products. Meanwhile, food prices increased slightly, while inflation in the services sector slowed. As a result, the signal on core inflation is less concerning than the headline figure suggests. Rising oil and gas prices pose an upside risk to inflation and a downside risk to growth, which is likely to keep the ECB cautious.

Asia

Bank of Korea raises interest rates

The Bank of Korea raised its policy rate by 25bp to 3%, while signaling a low pace of tightening from here in its six-month dot plot. A preemptive response was deemed necessary to prevent inflation pressures from broadening, while financial-stability risks still required attention. The BOK raised its 2026 growth forecast to 3.3% from 2.6% but kept inflation at 2.7%, as the AI-chip boom and stronger domestic demand may offset disinflation from lower oil prices and a firmer currency.

NOTES

Page 2

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 **28 August 2026.** The chart shows the price of gold.

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

GLOSSARY

BoJ: Bank of Japan
CPI: Consumer Price Index
ECB: European Central Bank
EZ: Euro Area
FED: Federal Reserve
GDP: Gross Domestic Product
ISM: Sentiment index of enterprises
MoM: Month-on-Month
YoY: Year-on- Year
PMI: Sentiment index of enterprises
PPI: Producer Price Index
PCE: Personal Consumption Expenditure
US: United States of America
UK: United Kingdom
YTD: Year to date
WTD: Week to date

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IMPORTANT INFORMATION

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