



“A Trump-Biden rematch looks likely in November. As we move closer to the elections, market uncertainty will rise given the candidates’ divergent approach to foreign policy and geopolitics.”

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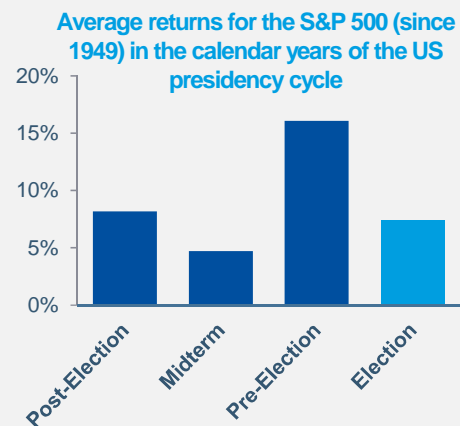
Head of Amundi Investment Institute

Super Tuesday points to a super-charged battle

A Trump vs Biden rematch is most likely in November elections.

Both candidates have different views on geopolitics and this could keep markets volatile.

Investors should stay vigilant on such uncertainty and explore opportunities across global markets.



Source: Amundi Investment Institute, DataStream. 5 March 2024. Average returns since 1949 for post-election years, mid-term, pre-election and election.

The recent Super Tuesday result points to a tough election battle between Donald Trump and President Joe Biden. Trump is likely to secure a Republican Presidential nomination, after Nikki Haley announced her exit from the Republican primary. On the other hand, Biden performed strongly, highlighting his appeal among Democratic voters.

Interestingly, since 1949 (chart), average returns from US equities have been much lower in an election year (7.4%) than in a pre-election year (16.1%). Last year, the US market performance was very strong with 24.2%. This year we expect market uncertainty to rise owing to aggressive political campaigning by both the candidates. We got a hint of that from the campaigning in President Biden’s State of the Union address.

Actionable ideas



Global equities

US equities have performed well this year. But political campaigning may trigger volatility which may be an opportunity to explore attractive global segments in EM Asia, Japan, Europe.



Multi Asset investing in times of uncertainty

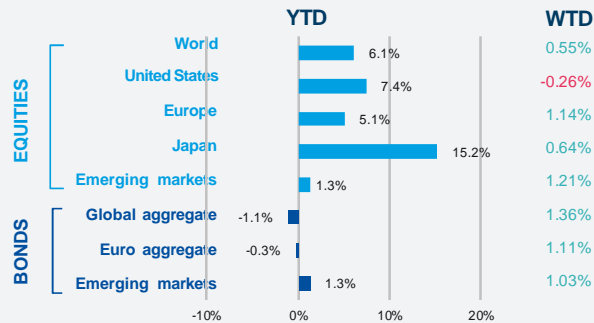
Yields on bonds are attractive while risk assets could also benefit later in a scenario of slowdown followed by a recovery. Hence, a diversified* stance would help capture this evolution.

This week at a glance

Global and European stocks were buoyed by central bank comments as the ECB signalled success in controlling inflation. Indications of rate cuts by this year led US and European yields to decline, although Japanese yields were marginally up. In metals, gold ended the week higher.

Equity and bond markets

Asset class performance year to date and week to date



Source: Bloomberg, data as at 08 Mar 2024
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	4.48 ▼	4.08 ▼
Germany	2.76 ▼	2.27 ▼
France	2.73 ▼	2.72 ▼
Italy	3.30 ▼	3.58 ▼
UK	4.24 ▼	3.97 ▼
Japan	0.19 ▲	0.73 ▲

Source: Bloomberg, data as at 08 Mar 2024
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
2178.95	78.01	1.09	147.06	1.29	7.19	3.94	5.39
+4.6%	-2.5%	+0.9%	-2.0%	+1.6%	-0.1%		

Source: Bloomberg, data as at 08 Mar 2024
Trend represented refer to 1 week changes. Please refer to the last page for additional information.

Amundi Institute Macro Focus

Americas



Fed indicates modest improvement in activity.

The Fed Beige Book reported growth in activity in the majority of districts. But some districts signalled that consumer spending is losing steam as price-sensitive households are reducing spending on discretionary goods. Demand and supply of workers is also coming into a better balance, with moderation in wages and wage growth expectations now closer to historical averages.

Europe



ECB downgrades this year's growth and inflation forecasts.

In its latest policy meeting, the ECB President Lagarde presented the bank's current stance on interest rates and unveiled the latest forecasts for the Euro Area. The ECB marginally reduced 2024 growth forecast to 0.6% and also downgraded its inflation forecasts. Headline inflation is now forecasted at 2.3% for 2024. Importantly, the bank sees headline inflation stabilising at its 2% target in 2025.

Asia



National People's Congress (NPC) in China.

The releases from the NPC show that policy stance remains complacently passive and unchanged from three months ago. This is despite the pressing economic challenges and market expectations for additional stimulus. With a moderately more expansionary fiscal deficit for the country, we expect low inflation to persist and GDP growth to undershoot the government's 5% target in 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 and are gross of fees and taxation.

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

Source: Bloomberg, data as at 1 March 2024. The chart shows Global Bonds= Bloomberg Global Aggregate Bond Index, Global Equity = MSCI World. Both indexes are in local currency.

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

GLOSSARY

Headline Inflation: total inflation in an economy including commodities like food and energy.

Fed Beige Book: A Fed publication on current economic conditions across 12 districts in the US.

Fiscal deficit: Excess of a gov't's. spending over its income.

GDP: Gross Domestic Product.

MoM: month over month growth.

PCE: Personal Consumption Expenditure

QoQ: Quarter on quarter.

YoY: Year over year growth. **YTD:** Year to date.

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