

Weekly Market Directions



Trust must be earned



"We expect equity markets to take a breather after the recent all-time highs. We look for opportunities beyond the mega caps and in emerging markets."

Monica Defend

Head of Amundi Investment Institute

Equities at all-time highs

18 of the 23 biggest Equity markets have hit all-time highs in the first half of this year.

A resilient economic outlook and expectations of rate cuts should support a broadening of the rally.

Emerging markets and global companies outside the expensive mega caps may be in favour later in the year.

70% of the equity markets in the MSCI World All Country Index hit record highs in H1 2024



18 of the 23
developed market
(DM) equity indexes
hit record highs
in H1 2024



15 of the 24
emerging market (EM)
equity indexes hit
record highs
in H1 2024

Source: Amundi Investment Institute, Bloomberg on MSCI Indexes of countries in the MSCI ACWI as at 30 June 2024.

In the first half of the year, the world's largest equity markets have reached new all-time highs. This includes 33 out of the 47 countries in the MSCI World All Country Index of both developed and emerging markets. Several factors have contributed to this rally, such as expectations of interest rate cuts, a resilient and improving economic outlook, and solid corporate earnings.

While in the first half of the year, the rally has been heavily concentrated, particularly in the US, for the second part of the year we expect a broadening of the rally that should favour companies outside the mega caps and in Emerging Markets. In particular, different speeds in regional economic growth may potentially offer opportunities in companies with not too expensive valuations and strong business models.

Actionable ideas



Global equities

Global divergences and improving economic outlooks may present opportunities in regions such as Europe, Asia and emerging markets.



Multi asset

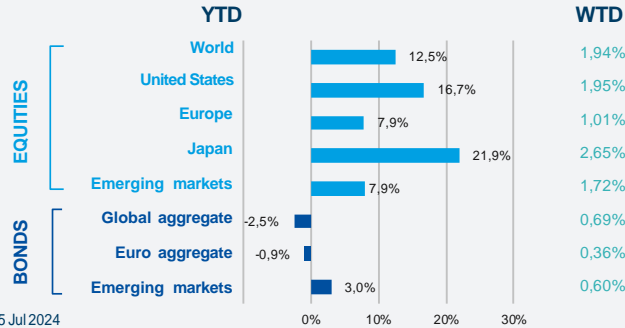
Investors could potentially explore multi-asset investment strategies that combine attractive bond yields with exposure to the potential upside in global equity markets.

This week at a glance

Global stocks traded near all-time highs and S&P 500 rose on the back of renewed expectations of rate cuts by the Fed. US Treasury yields were lower over the week. In commodities, oil prices rose amid hopes of strong demand, and mounting geopolitical tensions pushed gold prices higher.

Equity and bond markets

Asset class performance year to date and week to date



Source: Bloomberg, data as at 05 Jul 2024
Please refer to the last page for additional information on the indices.

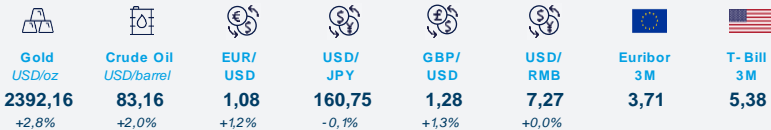
Government bond yields

2 and 10 years government bond yields and 1 week change

	2YR	10YR
US	4,61 ▼	4,28 ▼
Germany	2,88 ▲	2,55 ▲
France	3,07 ▼	3,21 ▼
Italy	3,43 ▼	3,93 ▼
UK	4,12 ▼	4,12 ▼
Japan	0,34 ▼	1,07 ▲

Source: Bloomberg, data as at 05 Jul 2024
Trend represented refer to 1 week changes. Please refer to the last page for additional information.

Commodities, FX and short term rates



Source: Bloomberg, data as at 05 Jul 2024
Trend represented refer to 1 week changes. Please refer to the last page for additional information.

Amundi Investment Institute Macro Focus

Americas



United States: Manufacturing ISM slips further. Big drop in price paid

Weakness in manufacturing at the end of the second quarter as the ISM index contracted for a third straight month due to subdued demand and tight monetary conditions; a large drop in input prices paid suggests goods disinflation should continue.

Europe



Euro Area: no good news from core inflation as services inflation remains sticky

While headline inflation eased to 2.5%, core inflation, a measure of underlying inflationary pressures, remained at 2.9%, still far from the ECB target of 2%. Core services inflation remained sticky and steady around 4%. June data further confirm that disinflation will likely continue but on a slower pace than it has been so far.

Asia



Asia's export strength continues, fuelled by booming AI demand

In June, exports from South Korea and Vietnam maintained their recovery, concluding Q2 on a strong note. South Korea's technology hardware shipments, particularly AI-related products, showed remarkable growth. Additionally, the rebound in exports began to broaden into other sectors.



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 **8 July 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

EZ: Eurozone

ISM: Institute for Supply Management

TOPIX: Tokyo Stock Price Index

S&P 500 index: It is a commonly used measure of the broad US stock market.

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