

Weekly Market Directions

15 March 2024



Trust
must be earned

Amundi



“Expectations of a Fed pivot to cut rates likely drove the recent, sharp surge in gold. Now, geopolitical risks and concerns over lack of fiscal prudence from governments could support the demand for metals.”

Monica Defend

Head of Amundi Investment Institute

Gold has been shining bright this year

Gold prices have been rising amid expectations of Fed rate cuts and its safe-haven allure.

Declining yields on US government bonds tend to boost the demand for non-yielding assets such as gold.

Fundamentals point to continuing strength, but valuations are high, which could lead to some near term volatility.

Gold prices (\$/oz.) reached record highs in March



Source: Amundi Investment Institute, Bloomberg, as at 15 March 2024.

Gold prices rose significantly since October, and touched an all-time high of \$2,182.8/oz on 11 March. Falling yields on government bonds, slowing US inflation and safe-haven appeal of the metal likely supported this surge. Higher geopolitical tensions among countries (US/China, US/Russia) heighten the risks around government and central bank reserves, if held in a foreign currency. This could lead to more demand for stable assets from individuals and from global banks such as the PBoC. From a long-term perspective, excessive government debt and governments spending beyond their earning capacity may create concerns around government-backed currencies. As a result, the metal, which is also traditionally seen as a store of value, attracted investor interest.

Actionable ideas



Gold investing

Gold offers the potential for stability in times of excessive global debt and rising geopolitical risks.

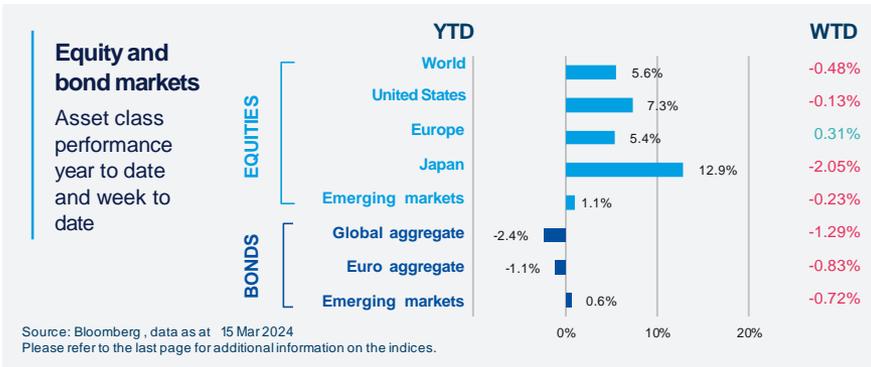


Multi Asset approach

A multi asset approach can benefit from investing across multiple asset classes including gold, which can help enhance diversification*.

This week at a glance

Stocks were mixed this week, with European markets rising and Japan ending the week lower. Yields on long-term bonds rose after a higher-than-expected increase in US producer prices, uptick in oil and successful wage negotiations in Japan. However, gold prices retreated slightly.



Government bond yields
2 and 10 years government bond yields and 1 week change

	2YR	10YR
US	4.73 ▲	4.31 ▲
Germany	2.94 ▲	2.44 ▲
France	2.91 ▲	2.88 ▲
Italy	3.44 ▲	3.70 ▲
UK	4.32 ▲	4.10 ▲
Japan	0.18 ▼	0.78 ▲

Source: Bloomberg, data as at 15 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
2155.9 -1.1%	81.04 +3.9%	1.09 -0.5%	149.04 +1.3%	1.27 -0.9%	7.20 +0.1%	3.93	5.40

Source: Bloomberg, data as at 15 Mar 2024
Trend represented refer to 1 week changes. Please refer to the last page for additional information.

Amundi Institute Macro Focus

Americas



US CPI in February came in strong.

Inflation rose at a higher than expected pace in February, for both headline (0.4%, mom) and core (0.4%, mom) data. We think the inflation momentum is strong and services inflation is the main headwind to a rapid deceleration of overall inflation. Within services, rentals are the key area to monitor for us. We stay vigilant on the evolution of inflation in order to judge the Fed's policy actions.

Europe



EZ industrial production continues to be weak.

The January industrial production in the Eurozone came in at -3.2% mom, compared with consensus expectations of -1.8%. This was mainly due to subdued activity in Ireland. The bloc's main countries such as Germany, however, registered relatively better performance compared to December. We believe the overall numbers for the region point to continued weakness.

Asia



Benign inflation environment in India.

Headline CPI printed at a stable 5.1% YoY in February, while core CPI eased to 3.3% YoY. In addition, keeping in mind the upcoming general elections, the government introduced new measures on fuel prices, thereby mildly moderating inflation perspectives. If we combine the inflation outlook with the country's robust growth, we think the RBI should keep its policy rates unchanged in early April.



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 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

CPI: Consumer price index

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

Core CPI: total consumer inflation, excluding commodities like food and energy.

RBI: Reserve Bank of India.

MoM: month over month growth.

PBoC: People's Bank of China.

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

Discover Amundi Investment insights on our [Research Centre](#).



IMPORTANT INFORMATION

This document is solely for informational purposes.

This document does not constitute an offer to sell, a solicitation of an offer to buy, or a recommendation of any security or any other product or service. Any securities, products, or services referenced may not be registered for sale with the relevant authority in your jurisdiction and may not be regulated or supervised by any governmental or similar authority in your jurisdiction.

Any information contained in this document may only be used for your internal use, may not be reproduced or disseminated in any form and may not be used as a basis for or a component of any financial instruments or products or indices.

Furthermore, nothing in this document is intended to provide tax, legal, or investment advice.

Unless otherwise stated, all information contained in this document is from Amundi Asset Management SAS and is as of 15 March 2024. Diversification does not guarantee a profit or protect against a loss. This document is provided on an "as is" basis and the user of this information assumes the entire risk of any use made of this information. Historical data and analysis should not be taken as an indication or guarantee of any future performance analysis, forecast or prediction. The views expressed regarding market and economic trends are those of the author and not necessarily Amundi Asset Management SAS and are subject to change at any time based on market and other conditions, and there can be no assurance that countries, markets or sectors will perform as expected. These views should not be relied upon as investment advice, a security recommendation, or as an indication of trading for any Amundi product.

Investment involves risks, including market, political, liquidity and currency risks.

Furthermore, in no event shall any person involved in the production of this document have any liability for any direct, indirect, special, incidental, punitive, consequential (including, without limitation, lost profits) or any other damages.

Date of first use: 15 March 2024.

Doc ID: 3451094

Document issued by Amundi Asset Management, "société par actions simplifiée"- SAS with a capital of €1,143,615,555 - Portfolio manager regulated by the AMF under number GP04000036 – Head office: 90-93 boulevard Pasteur – 75015 Paris – France – 437 574 452 RCS Paris – www.amundi.com

Photo credit: ©iStock/Getty Images Plus

MSCI Disclaimer available [here](#)