

Weekly Market Directions



Trust must be earned



“Emerging Market bonds, including Indian bonds, may offer attractive opportunities for investors in search of higher yields as inflation slows and the Federal Reserve is approaching its first rate cut.”

Monica Defend

Head of Amundi Investment Institute

Indian bonds go global

The inclusion of Indian bonds in a prominent emerging markets index has sparked renewed investor interest.

India is a structural growth story, supported by a prudent government spending approach.

Emerging Market bonds may provide opportunities for yield-seeking investors.



Indian government bonds have gained attention recently due to their inclusion in a leading emerging markets bond index starting from 28 June. This key milestone has sparked renewed interest from global investors.

India is expected to be the fastest-growing economy among the G20 in 2024 and it is currently undergoing a significant transformation driven by increased investment and favourable demographics. With expectations of strong economic growth for the country, we believe the government is likely to broadly maintain a prudent fiscal stance.

On monetary policy, the Reserve Bank of India is vigilant on inflation and appears committed to bringing inflation down to its 4% target.

Actionable ideas



India bonds

For global investors, Indian bonds may offer diversification¹ benefits and attractive yields (around 7%*).

*Source: Bloomberg, 28 June 2024. Yield on the 10-year India government bond.



Emerging Market bonds

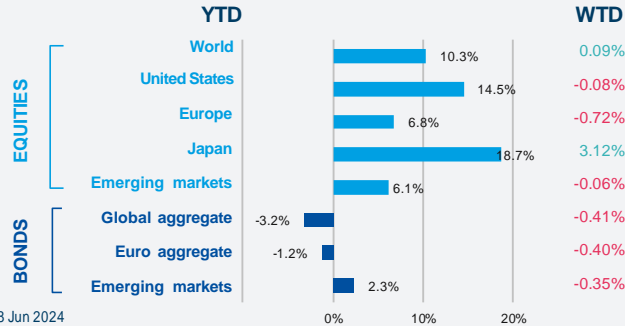
The macroeconomic environment, with the easing of monetary policy, should support for Emerging Market bonds in the second part of the year.

This week at a glance

In Japan, the Topix index reached its highest level since 1990, driven by strong performance in banks and positive economic data. Other major equity indexes were stable during the week. Long-term government bond yields slightly rose due to recent economic data and political newsflow.

Equity and bond markets

Asset class performance year to date and week to date



Source: Bloomberg, data as at 28 Jun 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	4.76 ▲	4.40 ▲
Germany	2.83 ▲	2.50 ▲
France	3.12 ▲	3.30 ▲
Italy	3.52 ▲	4.07 ▲
UK	4.20 ▲	4.17 ▲
Japan	0.36 ▲	1.05 ▲

Source: Bloomberg, data as at 28 Jun 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
2326.75	81.54	1.07	160.88	1.26	7.27	3.71	5.36
+0.2%	+1.0%	+0.2%	+0.7%	+0.0%	+0.1%		

Source: Bloomberg, data as at 28 Jun 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: downside surprise on core durable goods orders as high rates bite

In the second quarter, business spending on equipment showed signs of weakening, as non-defence capital goods orders excluding aircraft (which serve as a proxy for business spending plans) declined by 0.6% in May. This decline indicates that US companies are facing pressure from higher interest rates and softer demand for goods, which is impacting their willingness to invest.

Europe



Euro Area consumer confidence continues its gradual recovery.

The consumer confidence indicator edged up further in June, on better financial situation and intentions to make major purchases while expectations on future financial situation and the general economic situation remained unchanged. The index reached the highest level since February 2022, yet still falling slightly short of its long-term average.

Asia



Japan consumption on track of a rebound

Japan's retail sales growth in May exceeded economist expectations, with a strong increase of 1.7% compared to April. This data supports our view that Japan's private consumption is rebounding in the second quarter, following four consecutive quarters of decline.



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 **28 June 2024**. The chart shows Global Bonds= Bloomberg Global Aggregate Bond Index, Global Equity = MSCI World. Both indexes are in local currency.

¹ Diversification does not guarantee a profit or protect against a loss.

GLOSSARY

CPI: Consumer Price Index a measure of inflation.

Durable goods are goods designed to last for a long time (three years or more) such as: washers, refrigerators, airplanes, and machinery.

EZ: Eurozone.

FOMC: The Federal Open Market Committee is the committee of the Federal Reserve System in charge of the monetary policy in the United States.

MoM: month over month growth **OPEC:** Organization of the Petroleum Exporting Countries.

QoQ: quarter on quarter. Real income: Income after accounting for inflation.

YoY: Year over year growth.

YTD: Year to date.

RBI: Reserve Bank of India.

Topix Index: A capitalisation-weighted index of all companies listed on the First Section of the Tokyo Stock Exchange.

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