



AUGUST 2019

TESTING RECORD HIGHS



GLASS HALF-FULL, THANKS TO CENTRAL BANKS

Markets are flirting with new highs on expectations that central banks will step-in to avoid an excessive deterioration of the economic outlook, in the absence of any material sign of inflation. The overall narrative in the market is that the glass is half full and central banks will seek to extend the current economic cycle.

KEY THEMES FOR INVESTMENT STRATEGY



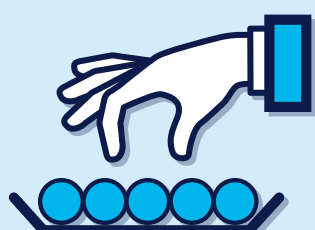
CAUTIOUS OPTIMISM ON THE ECONOMIC FRONT

Although we do not see an imminent recession and believe economic growth will moderate, the quality of growth is expected to be subdued. However, domestic household demand remains resilient and would be tested by the spillover from the trade weakness.



HUNT FOR YIELD TO CONTINUE

Central banks' dovish monetary policy stance will allow them to keep interest rates low, leading investors to look for attractive assets such as Investment Grade credit and Emerging Market debt. At the same time, we expect the Fed to deliver a preventive rate cut, but not to overreact.



A SELECTIVE APPROACH IN EQUITIES

Developed Market equities extended the rally and we now see that most of the good news is already priced-in. We expect some volatility and a consolidation in Developed Market equities in the short term, with thin volumes and approaching earnings season.

As a result, selectivity will be key to maximising returns. On the other hand, Emerging Market equities have benefited from easing trade tensions.



DEFENSIVE AND WELL DIVERSIFIED IN MULTI ASSETS

Recent price movements suggest that a balanced approach to investing is crucial in this phase of the cycle. We adopt a diversified approach with a positive stance on credit, Emerging Market debt and US bonds, as well as a cautious stance on Developed Market equities.

PRUDENT INVESTING WILL ENABLE INVESTORS TO NAVIGATE VOLATILITY



Investors should be watchful of any pullbacks and take advantage of the volatility by adding to the most convincing ideas in Emerging Markets, Investment Grade credit and high quality stocks. From a policy perspective, a convergence of pro-growth fiscal and monetary measures could prolong the Goldilocks phase¹ for risk assets.

Amundi
ASSET MANAGEMENT

Discover Amundi Investment insights on our Research Center
<http://amundi.com>



¹Goldilocks regime is an economy neither too hot (with rising prices) or cold (recession).

IMPORTANT INFORMATION

Diversification does not guarantee a profit or protect against a loss. Unless otherwise stated, all information contained in this document is from Amundi Asset Management and is as of 2nd August 2019.

The views expressed regarding market and economic trends are those of the author and not necessarily Amundi Asset Management, and are subject to change at any time based on market and other conditions and there can be no assurances that countries, markets or sectors will perform as expected. These views should not be relied upon as investment advice, as securities recommendations, or as an indication of trading on behalf of any Amundi Asset Management product. There is no guarantee that market forecasts discussed will be realised or that these trends will continue. Investments involve certain risks, including political and currency risks. Investment return and principal value may go down as well as up and could result in the loss of all capital invested. This material does not constitute an offer to buy or a solicitation to sell any units of any investment fund or any services.

Amundi Asset Management - Amundi AM, French joint stock company (Société par actions simplifiée) with a capital stock of € 1 086 262 605. Portfolio management company approved by the French Financial Markets Authority (Autorité des marchés Financiers - AMF) under no.GP 04000036 Head office: 90, boulevard Pasteur, 75015 Paris - France

Date of First Use: 2nd August 2019.