

An era of conflicting choices

Global equities reached all-time highs in October, led by strong momentum in the AI sector in the US, expectations of Fed easing, and positive sentiment around fiscal expansion in Germany. However, a resurgence of the US-China trade spat, concerns over some credit events in the US, and continuing US government shutdown created volatility in risk assets. While the US and China have extended their truce, we'd like to see how effectively this is sustained in the long term.

This uncertainty earlier boosted the safe-haven appeal of bonds, pushing down yields in US, Europe, and the UK. **Concerns persisted, however, over the effect of government spending on deficits, debt and fiat currencies in the long term (debasement).** As a result, gold touched record levels, although prices have retraced. Fiscal risks were also evident in Japanese yields, and caused a sharp fall in the yen.

These are the main economic themes likely to play out in coming months:

- **AI capex in the US will boost US growth but it would be unable to completely offset the decline in consumption**, which remains the mainstay of the US economy. Resilient consumption in historical data so far, along with a potential lift from capex, has allowed us to upgrade US growth forecasts for 2025 (1.9%) and 2026 (1.9%). However, labour markets remain weak, leading us to conclude that the broader weakening trend doesn't change. Investment in the tech sector has not yet resulted in massive creation of new jobs and is unlikely to boost job markets in the near term. Thus, we expect softening income dynamics and a moderation in consumption.



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GROUP CIO

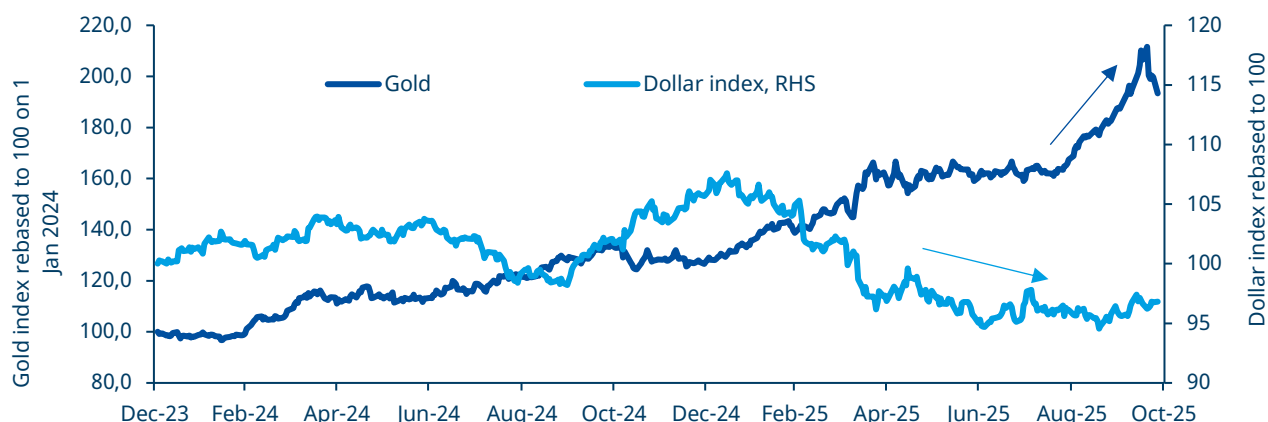


MONICA DEFEND
HEAD OF AMUNDI
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PHILIPPE D'ORGEVAL
DEPUTY GROUP CIO

The choice of a real safe haven: gold has retreated of late after excessive movement in H2



Source: Amundi Investment Institute, Bloomberg, as on 27 October 2025.

Much of the developed world would maintain fiscal expansion, whereas China is moving in the opposite direction of reducing excess capacity to shift towards a domestic consumption-led growth model.

- **Euro Area growth will likely slow this year, and then pick up from mid-2026, still staying below the long-term trend.** Our assessment points to downside in the near term and beginning of the following year due to potential delays to and adjustments in the German fiscal stimulus and pressures on exports. But resilience in economic activity in Spain and Italy would continue. The latest US sanctions on Russia indicate that the former is more likely to be aligned with the EU on security challenges. While a lot depends on how effectively the sanctions are implemented, any indications of a ceasefire with Ukraine (still elusive) would be positive for the European economy and assets.
- **Fiscal lever becoming increasingly important.** The US would likely stay on the path of fiscal expansion (a risk not priced in the market) but with some consolidation, whereas Japan's fragmented political landscape and the new government's intentions indicate populist policies would prevail, and hence fiscal expansion will continue. Germany would also move in this direction but importantly it has the much-needed fiscal space.
- **China growth projections upgraded for 2026,** and because growth will be close to the government target, we do not expect a significant fiscal bazooka. That said, the decision to provide a fiscal or monetary boost would also depend on how the US trade policy evolves vs. China. Overall, anti-involution, weak domestic consumption and contracting investments in the housing sector imply activity will be subdued in the near term.

Amundi Investment Institute: Fed will reduce rates; political pressures also in limelight

No change to our projections of Fed rate cuts*. The Fed reduced rates in October as we expected, and will likely do so one more time this year and twice next. This is justified by our fundamental assessment of the economy, although we cannot rule out political pressure that may lead the Fed to cut more. That said, Fed actions will also be affected by (1) the extent to which companies pass on higher US tariffs to consumers; (2) the speed of deceleration of core services inflation. In the Euro Area, the ECB will likely implement one additional rate cut this year and one in the first half of 2026. For the BoE, we now think the bank will reduce policy rates in December this year.

China's recently concluded 4th Plenum outlined priorities for the next five years, affirming the government's desire to develop a modern industrial system, build self-reliance in key technologies and aim for strategic autonomy in tech, and strong independent supply chains. These priorities will shape economic policies in the coming years. On the monetary policy front, the PBoC may decide to provide additional easing in case US trade policies create excessive volatility on the trade front.

Central banks, such as the Fed, are in a rate cut mode at a time when the economy is slowing but is not in a recession. Inflation expectations, tariffs and political pressures will complicate the Fed's task.

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The US tech capex cycle, the global fiscal push, and central banks easing in a still-growing economy are all positive factors for risk assets.

On the other hand, US inflation will likely stay above target, domestic demand pressures could emerge in Europe and trade war is also not over yet. Additionally, while liquidity is abundant in the markets, it could dry out fast. These factors allow us to stay mildly positive on risk.

- **In global fixed income**, we are neutral overall on duration, but are constructive on investment grade credit and emerging market bonds. We favour European bonds over the US, and stay cautious on Japan. In the US, higher tariffs are not yet fully reflected in inflation, but the coming months could change that.
- **In equities**, we believe high valuations in the US call for exploring regions such as Europe, the UK and emerging markets (EM). However, US earnings resilience across sector including in the tech, boost the case for selection. In EM, we are optimistic on Brazil, Mexico and India.
- **In multi asset**, we reduced our stance on US duration, but stay overall positive. Additionally, the evolution of negotiations between the US and China on trade and geopolitical competition could affect some assets in emerging markets, where we broadly stay positive. In commodities, we reduced our optimistic view on gold following the recent rally this year.

While staying positive on risk, we acknowledge the transformative power of artificial intelligence across industries to improve productivity.

Overall risk sentiment



While we are moderately positive on risk assets including equities and credit, we do so with a balance of quality, earnings strength and valuations.

Changes vs the previous month

- **Equities:** Regionally, turned neutral on US, less negative on US growth style, and slightly less constructive on Europe.
- **Multi asset:** Less positive on US duration and gold. Downgraded BRL and MXN to neutral vs the CNH, and strengthened views on other hedges.
- **FX:** In a tactical move, we turned neutral on the USD, and less optimistic on the yen.

Overall risk sentiment is a qualitative view towards risk assets (credit, equity, commodities) expressed by the various investment platforms and shared at the global investment committee. Our stance may be adjusted to reflect any change in the market and economic backdrop.

ECB= European Central Bank, DM= Developed Markets, EM = Emerging Markets, CBs = central banks, IG = investment grade, HY = high yield, HC = Hard Currency, LC = Local Currency. For other definitions see the last page of this document.

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Watch out for US inflation expectations

Consumption pressures in the US may affect economic activity there as effects of US tariffs materialise. On the other hand, while inflation expectations are still under control, an expansionary fiscal policy, a Fed inclined to cut rates and US tariffs passthrough to inflation in the real economy may change that. Hence, curves will steepen further. In Europe, inflation doesn't seem to be an issue, but domestic demand could be.

Furthermore, we think emerging markets should be able to withstand the US-China geopolitical competition in the long term, but we could witness some volatility around trade negotiations. We also believe EM will gain from rate cuts by the Fed and a weaker dollar in the medium term. In corporate credit, we continue to explore high carry and balance that with quality.

Duration and yield curves	Credit and EM bonds	FX
<ul style="list-style-type: none">▪ Our duration stance is neutral in US and Europe. On the latter, we are positive on Italy and Spain compared to Germany and France. With diminishing political uncertainty in France, we look for opportunities to reduce our cautious stance.▪ UK duration is our main conviction where we are constructive. Leading indicators remain consistent with a weaker labour market.▪ In Japan, we remain negative on duration.	<ul style="list-style-type: none">▪ Not all credits are the same, so we prioritise quality. In EU IG, spreads have tightened but we still see some more room for compression. Fundamentals are strong, especially in financials.▪ On EM bonds we are generally constructive but avoid pockets of high valuations. In particular, we are positive on LC which delivered strong performance this year. We prefer the high yielding bonds in LatAm over low yielders in Asia.	<ul style="list-style-type: none">▪ In an active approach, we upgraded USD to neutral. Although we think the dollar should underperform over the long term, in the near term there is scope for some consolidation. On the yen, we are constructive but less so than before. We are monitoring the BoJ's stance and any fiscal indiscipline by the new PM.▪ EM FX presents a vast universe where we are positive and selective. We like BRL, CLP and INR. In general, Asian FX is cheap, with some exceptions.

While US inflation expectations are still anchored, they are above Europe's



Source: Amundi Investment Institute, Bloomberg, as of 23 October 2025. Breakeven yields are a measure of inflation expectations.

EQUITIES

AUTHORS

Earnings resilience is the engine of growth

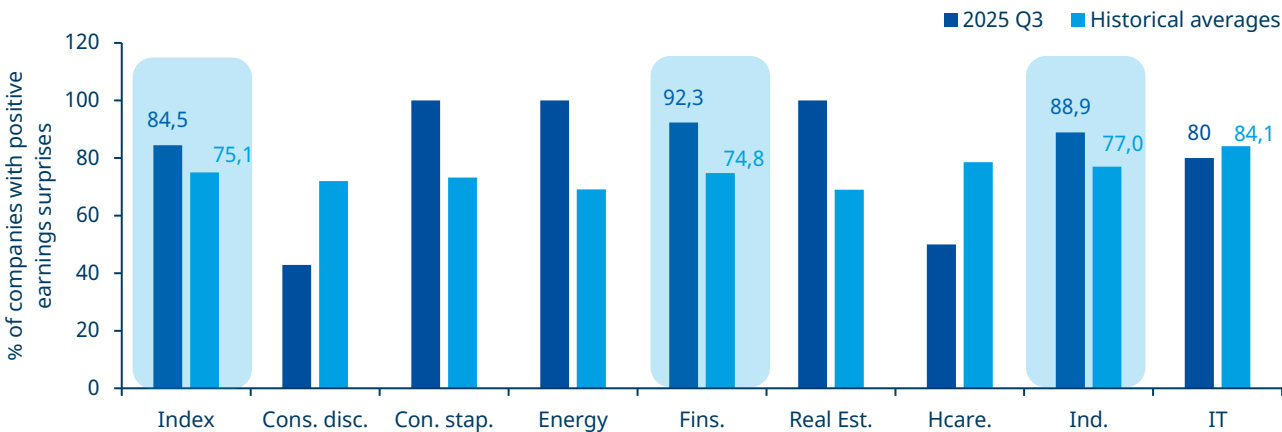
Equities have delivered strong performance since the beginning of September on the back of multiple factors, including the AI sentiment. An important consideration for us is to what extent AI could boost corporate earnings and how much of a valuation premium is justified for such businesses. Thus, while we believe in the long-term potential for such technology to enhance productivity, we are unwilling to pay excessive valuations.

BARRY GLAVIN
HEAD OF EQUITY
PLATFORM

Our aim remains to identify businesses that provide a good balance of earnings, valuations and product differentiation. We find more such businesses in Europe, the UK, Japan and emerging markets, and in the value segment in the US. In particular, given the global trade uncertainty, we look for companies that are more exposed to domestic demand in these regions.

Developed Markets	Emerging markets
<ul style="list-style-type: none">Stay away from concentration risks in US, and prefer the value sector. We are constructive on capital goods (well placed to capitalise on themes of automation, sustainability, reshoring). We are positive on banks given low credit costs, deregulation and loan growth.AI tech related themes playing out in Europe through data centres etc. In addition, we like the mid-cap segment given its attractive valuations and domestic exposures. We remain positive on banks given their balance sheet strength and strong earnings growth.Elevated dividend yields, favourable valuations and the market’s defensive characteristics makes UK stocks an effective diversifier. In Japan, share buybacks and robust dividends indicate governance reforms in the country, keeping us constructive there.	<ul style="list-style-type: none">Expectations of weakness in the USD and strong EM economic growth allow us to stay broadly constructive on the region.Across the region, we see obvious selection opportunities. For instance, in Latin America, and particularly in Brazil and Mexico. Valuations in Brazil are very attractive, inflation is coming down and US and domestic interest rates will also decline. All these factors support the case for Brazil.In Asia, we are positive on India, and are noting early signs of improving credit growth. On the other hand, we are cautious on Taiwan but neutral on China.At a sector level, we like consumer staples, real estate and communication services. In contrast, we are cautious on tech due to its high valuations.

So far in Q3, US companies have delivered above-average positive surprises for earnings



Source: Amundi Investment Institute, Bloomberg as on 23 October 2025. As on this date, 141 companies in the S&P 500 index have reported their Q3 results. Communication Services, Materials and Utilities are not shown because positive surprise in these sectors was zero.

MULTI-ASSET

Risk on: adjustments to duration, gold

The US economy has remained resilience so far, but trade policies and tariffs are complicating the outlook with respect to their effect on consumption and inflation. In Europe, pressures on exports are visible and domestic demand may also show some vulnerabilities. Despite that, the overall economic environment is not of a recession. In this environment, central banks are willing to cut rates and governments are providing fiscal support. However, headwinds in the form of trade tensions, geopolitics and valuations persist. Hence, we believe there is a need to reinforce hedges.

We are positive on US and UK equities. AI-momentum is driving US corporate earnings in a phase where global liquidity is decent. But we acknowledge concerns around excessive valuations, and keep our views diversified through mid-caps. UK stocks, with their defensive characteristics and high dividends, are another segment we are positive on. In China and more broadly on EM, we remain optimistic due to attractive valuations and EM central banks in an easing mode. However, trade negotiations with the US may create volatility in some EM assets. As a result, we downgraded our views on BRL and MXN vs the CNH to neutral. We are also monitoring government finances in Brazil. In DM FX, we stay positive on EUR/USD, and on NOK and JPY vs the EUR.

On duration, we halved our conviction on US 5Y. Inflation in the US is sticky. While the Fed will cut rates, it will not be in a rush to be as aggressive as the markets expect it to be. Separately, we continue to like EUR 10Y (progress on disinflation, and fragile growth) and Italian BTPs, but are cautious on the JGBs. In credit, we continue to like EU IG and EM bonds amid a favourable risk sentiment.

Finally, we are less positive on gold now. Although we are cautious on the dollar, in the near term there may be some consolidation. Hence, we see a need for some protection, if the dollar appreciates. On equities, the case for hedges in DM stays in place.

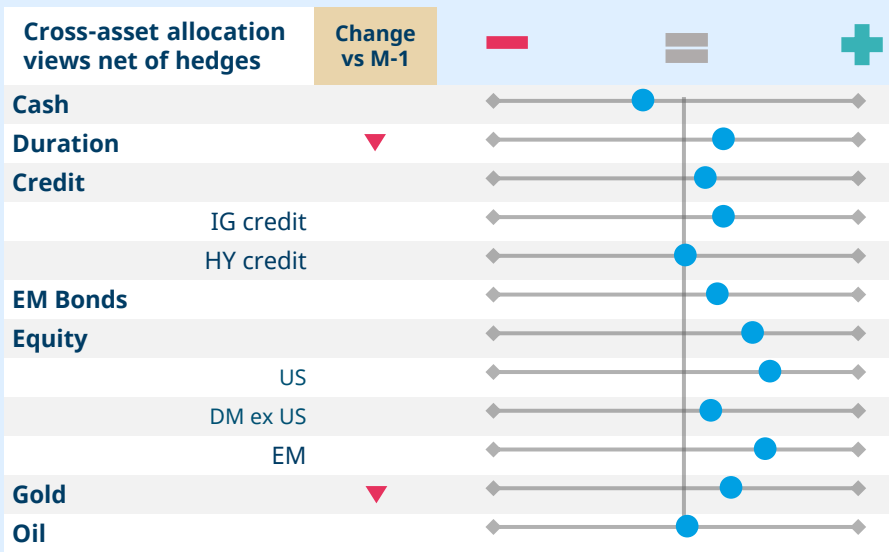
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"We decreased our conviction on US duration as inflation is a bit sticky. Markets may be disappointed if the Fed fails to deliver the aggressive cuts in the coming months, that are priced in."

Amundi Multi Asset Investment Views*



▼ Downgrade vs previous month
▲ Upgrade vs previous month

Source: Amundi, as of 22 October 2025. Changes M-1 include from previous month. The table represents the main investment convictions (including hedging) of the Multi Asset Platforms. *The views are expressed relative to a Reference Asset Allocation (with benchmark 45% equity, 45% bonds, 5% commodities, 5% cash) with “=” being neutral. The + and – may not sum-up due to potential use of derivatives in the implementation. This is an assessment at a specific time, and it can be subject to change at any time. This information is not intended to be a forecast of future results and should not be relied upon by the reader as research, investment advice or a recommendation regarding any fund or any security in particular. This information is for illustrative purposes and does not represent the actual current, past or future asset allocation or portfolio of any Amundi product.

Amundi views by asset classes

Equity Views

DM Equities	Change vs M-1	---	--	-	-/=	=	=/+	+	++	+++
US	▲					◆				
US Growth	▲			◆						
US Value							◆			
Europe	▼						◆			
Europe SMID								◆		
Japan							◆			
EM Equities	Change vs M-1	---	--	-	-/=	=	=/+	+	++	+++
EM							◆			
EM Asia							◆			
Latin America								◆		
Emerging EMEA								◆		
EM-ex China							◆			
China						◆				
India							◆			

Fixed Income Views

Duration	Change vs M-1	---	--	-	-/=	=	=/+	+	++	+++
US						◆				
EU						◆				
UK								◆		
Japan				◆						
Overall						◆				
Credit	Change vs M-1	---	--	-	-/=	=	=/+	+	++	+++
US IG						◆				
US HY				◆						
EU IG								◆		
EU HY						◆				
Overall							◆			
EM Bonds	Change vs M-1	---	--	-	-/=	=	=/+	+	++	+++
China govt.						◆				
India govt.								◆		
EM HC								◆		
EM LC									◆	
EM corp.								◆		
Overall								◆		

Global FX views

FX	Change vs M-1	---	--	-	-/=	=	=/+	+	++	+++
USD	▲					◆				
EUR					◆					
GBP					◆					
JPY	▼						◆			
EM FX*							◆			

Source: Summary of views expressed at the most recent **global investment committee (GIC) held on 22 October 2025**. The table shows absolute views on each asset class and are expressed on a 9 scale range, where = refers to a neutral stance. This material represents an assessment of the market at a specific time and is not intended to be a forecast of future events or a guarantee of future results. This information should not be relied upon by the reader as research, investment advice or a recommendation regarding any fund or any security in particular. This information is strictly for illustrative and educational purposes and is subject to change. This information does not represent the actual current, past or future asset allocation or portfolio of any Amundi product. FX table shows absolute FX views of the GIC. * Represents a consolidated view of multiple EM currencies.

▼ Downgrade vs previous month
▲ Upgrade vs previous month

DEFINITION ABBREVIATIONS

Currency abbreviations: USD – US dollar, BRL – Brazilian real, JPY – Japanese yen, GBP – British pound sterling, EUR – Euro, CAD – Canadian dollar, SEK – Swedish krona, NOK – Norwegian krone, CHF – Swiss Franc, NZD – New Zealand dollar, AUD – Australian dollar, CNY – Chinese Renminbi, CLP – Chilean Peso, MXN – Mexican Peso, IDR – Indonesian Rupiah, RUB – Russian Ruble, ZAR – South African Rand, TRY – Turkish lira, KRW – South Korean Won, THB – Thai Baht, HUF – Hungarian Forint.

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Amundi Investment Institute

In an increasing complex and changing world, investors need to better understand their environment and the evolution of investment practices in order to define their asset allocation and help construct their portfolios.

This environment spans across economic, financial, geopolitical, societal and environmental dimensions. To help meet this need, Amundi has created the Amundi Investment Institute. This independent research platform brings together Amundi's research, market strategy, investment themes and asset allocation advisory activities under one umbrella; the Amundi Investment Institute. Its aim is to produce and disseminate research and Thought Leadership publications which anticipate and innovate for the benefit of investment teams and clients alike.

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