



Trust must be earned



"French stocks and bonds welcomed the narrow victory of Prime Minister Lecornu in the two no-confidence motions in the National Assembly that earlier threatened to topple his minority government."

Monica Defend

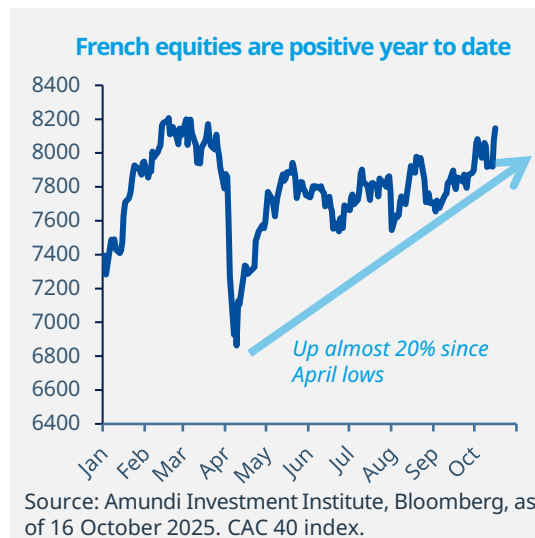
Head of Amundi Investment Institute

French markets in a relief rally

After this week's relief rally, the CAC 40 is nearly back to its February highs, having almost fully recovered prior losses.

Government bond yields also fell this month, indicating declining political uncertainty.

Volatility could return amid risks over budget discussions and uncertainty over the government's future.



French Prime Minister (PM) Lecornu secured wins in two no-confidence motions in the National Assembly, triggering a rally in French stocks, and paving the way for additional discussions over a draft budget. Markets welcomed the news that the country, for the time being, has avoided snap elections and the political uncertainty has eased.

The victory came following the PM's pledge to suspend President Macron's landmark pension reform by freezing the planned increase in the retirement age until the 2027 presidential election. While uncertainty over the government's future, the management of public finances and credit rating revisions persist, the new PM is likely to aim to pass the 2026 budget before year-end. On a positive note, the country's economic growth is expected to improve modestly as it moves towards 2026, though policy uncertainty may weigh on household confidence.

**Key
dates**

20 Oct

China GDP, industrial production and retail sales

23 Oct

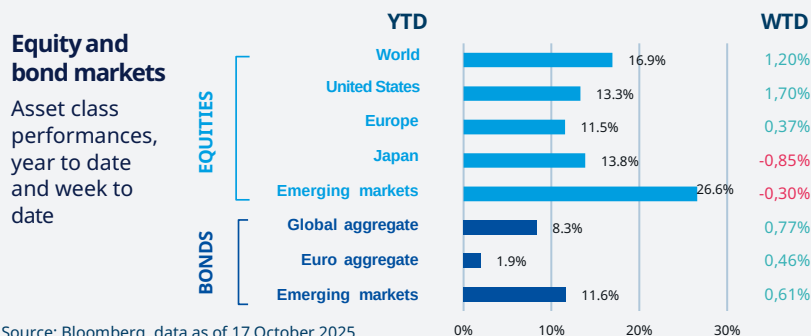
US existing home sales, France business confidence

24 Oct

US inflation, global composite, manufacturing and services flash PMIs

This week at a glance

Bond yields declined over the week. Concerns related to loans given by some US regional banks, and worries over US-China trade war led the markets to seek the safety of government bonds. In commodities, gold prices rose, whereas oil continued its decline amid rising stockpiles in the US and fears that the trade war could dampen demand.



Source: Bloomberg, data as of 17 October 2025.
Please refer to the last page for additional information on the indices.

Government bond yields

2 and 10-year government bond yields, and 1-week change

	2YR		10YR	
 US	3,46	▼	4,01	▼
 Germany	1,91	▼	2,58	▼
 France	2,12	▼	3,36	▼
 Italy	2,12	▼	3,38	▼
 UK	3,88	▼	4,53	▼
 Japan	0,91	▼	1,62	▼

Source: Bloomberg, data as of 17 October 2025.
Please refer to the last page for additional information on the indices. Trend represented refers to 1-week changes. Please refer to the last page for additional information.

Commodities, FX and short-term rates, levels and weekly changes

							
Gold	Crude Oil	EUR/USD	USD/JPY	GBP/USD	USD/RMB	Euribor 3M	T-Bill 3M
USD/oz	USD/barrel						
4251,82	57,54	1,17	150,61	1,34	7,13	2,01	3,92
+5,8%	-2,3%	+0,3%	-0,4%	+0,5%	-0,1%		

Source: Bloomberg, data as of 17 October 2025.
Please refer to the last page for additional information on the indices.

Amundi Investment Institute Macro Focus

Americas



US small business optimism fell

The NFIB small business optimism survey showed a decline in September, the first decrease in three months. Only two of the ten sub-indices rose, while the others were unchanged or fell. The overall drop was driven by weak expectations for business conditions over the next six months and a record rise in concerns about excess inventories. In addition, we saw indications that companies may consider hiking their prices to protect margins (partly tariff-related).

Europe



Germany's ZEW survey expectations rose

Expectations for the future economic situation rose in October, helped by lower uncertainty and expected fiscal support from the government. However, assessment of current economic conditions weakened likely impacted by higher US tariffs. Additionally, other data align with the current condition assessment, given that manufacturing activity has also softened in the quarter.

Asia



India: the first month under 50% US tariffs

India's merchandise trade deficit (excess if imports over exports) widened to \$32.2bn in September. Imports rebounded 16.7%, while exports rose 6.7%. September was the first month the steep US tariffs took effect. Exports to the US fell sharply, hitting labour-intensive sectors (textiles, leather, gems), even as electronics and shipments to destinations like China, the UK and the Middle East showed strength.

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 of **17 October 2025**. The chart shows the CAC 40 equity index.

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

GLOSSARY

Bond: A fixed-income investment issued by governments or corporations to raise funding

CAC40: Benchmark French equity index

CPI: Consumer Price Index

GDP: Gross Domestic Product

IMF: International Monetary Fund

NFIB: National Federation of Independent Business Owners

PMI: Purchasing Managers Index

ZEW: Zentrum für Europäische Wirtschaftsforschung (Centre for European Economic Research)

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