

# Weekly Market Directions

31 May 2024


**Amundi**  
Investment Solutions

**Trust must be earned**


*“Concerns over US economic growth persist, and this highlights the importance of a global approach to investing in the developed and emerging markets.”*

**Monica Defend**

Head of Amundi Investment Institute

## US consumer shows confidence

A latest survey reading of US consumers rose in May, after declining for three months in a row.

However, concerns over high prices, especially food and groceries, and high rates may impact US consumption later.

Investors may consider other international markets for attractively-priced asset classes.



US consumer confidence came in better-than-expected in May, rising for the first time in the past four months. This could partly be a result of improving sentiment among the high income earners. However, if we look at past few months, consumer confidence has actually been deteriorating. Looking ahead, high interest rates, inflation above the Fed’s targets and rising household debt could affect overall consumption. A large part of the US economy is driven by consumption and thus any fragility on this front may affect growth.

Already, we are seeing weakness in labour markets and rising consumer delinquencies on loans. Hence, to achieve their objectives, investors may consider quality businesses across the world to meet their long term goals.

## Actionable ideas



### Global equities

Global divergences and improving economic outlooks may present opportunities in regions such as Europe, UK and emerging markets.

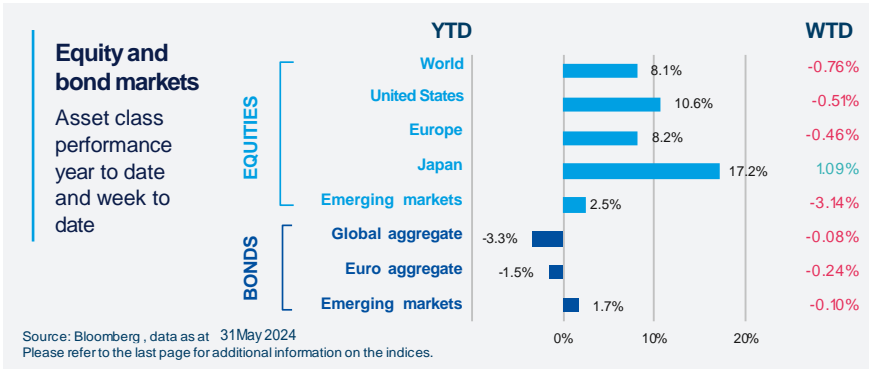


### Multi asset

A multi asset approach allows investors to stay flexible and potentially benefit from the growth potential of diverse\* asset classes and regions.

## This week at a glance

Most equity markets fell due to concerns over slowing US economic growth and weak consumer spending. In bonds, long term yields rose after sales of new US Treasuries, renewed fears of excessive government debt globally. Gold prices marginally declined over the week.



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

Country	2YR	10YR
US	4.87 ▼	4.50 ▲
Germany	3.09 ▲	2.66 ▲
France	3.16 ▲	3.14 ▲
Italy	3.57 ▼	3.98 ▲
UK	4.38 ▼	4.32 ▲
Japan	0.40 ▲	1.06 ▲

Source: Bloomberg, data as at 31 May 2024  
Trend represented refer to 1 week changes. Please refer to the last page for additional information.

**Commodities, FX and short term rates**

Asset Class	Value	1 Week Change
Gold (USD/oz)	2327.33	-0.3%
Crude Oil (USD/barrel)	76.99	-0.9%
EUR/USD	1.08	+0.0%
USD/JPY	157.31	+0.2%
GBP/USD	1.27	+0.0%
USD/RMB	7.24	-0.0%
Euribor 3M	3.79	
T-Bill 3M	5.41	

Source: Bloomberg, data as at 31 May 2024  
Trend represented refer to 1 week changes. Please refer to the last page for additional information.

## Amundi Institute Macro Focus

### Americas



#### US GDP growth lower-than-expected in first quarter.

The economy expanded 1.3% in the first quarter. The number was below previous estimates, primarily due to weak consumer spending on durable goods. It seems consumers were affected by high interest rates in this category. However, services consumption remained strong and real disposable income (income after tax etc.) also improved. Looking ahead, domestic demand is likely to stay robust in the first half, but we expect a deceleration later in the year.

### Europe



#### Eurozone inflation picked up slightly in May.

Consumer inflation accelerated to 2.6%, year-on-year, in May compared with 2.4% in April. This was mainly due to services inflation, which is likely to decline only gradually. The number was broadly in line with our expectations and we believe the overall inflation trend should continue to decline. However, some components such as services could remain sticky and we remain vigilant on them.

### Asia



#### India's sovereign rating outlook upgraded

A leading credit rating agency upgraded India's credit rating outlook from stable to positive. In general, such a revision to the outlook eventually leads to a sovereign rating upgrade in the following couple of years. The country's strong economic performance and government's improving fiscal deficit (excess of expenditure over income) are the main reasons for this revision. This upgrade came just few days before the outcome of the national elections.



## 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 **31 May 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, **GDP:** Gross Domestic Product,

**RBI:** Reserve Bank of India

**MoM:** month over month growth,

**PPI:** Producer Price Index,

**Purchasing Managers' Indices (PMIs):** PMIs are economic indicators derived from monthly surveys of private sector companies. A reading above 50 indicates an improvement of the economic outlook, while a reading below 50 indicates a deterioration

**QoQ:** quarter on quarter. Real income: Income after accounting for inflation. **YoY:** Year over year growth, **YTD:** Year to date.

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