Confidence must be earned

Amundi
ASSET MANAGEMENT

February 2019

Global Investment Views

Pascal BLANQUÉ
Group Chief Investment Officer

Vincent MORTIER
Deputy Group Chief Investment Officer

Kick-off 2019 with courage and discipline

After a tough December, which led to an abrupt valuation reset, risk assets rebounded in the first weeks of the year, boosted by a market-sympathetic turn in Fed rhetoric and an increased optimism on trade negotiations. As the current reasons for optimism should be confirmed, **we believe it is time to re-approach the areas of risk assets where the correction has brought value back**, especially in **emerging markets**. In our view, investors should start 2019 with a disciplined approach, but also have the courage to look beyond short-term noise in search for long-term value. The four areas to watch are:

1. Economic outlook: Signals of a mild deceleration in global growth are apparent. We cut our US growth expectations for 2019 and 2020, with potentially more revisions still possible down the road. However, we do not expect a recession (at least for the next 18 months) and buoyant labour markets should continue to support personal consumption. The EU economy, while slowing, should remain resilient, helped by loose monetary policy and some fiscal loosening (visible in Germany, France and Italy, for different reasons). China's soft landing has so far been well managed, with the government very proactive on policy, and EM growth showing signs of stabilisation (although with divergences). Yet, risks regarding global growth are skewed to the downside, in our view, and the market – also alerted by more dovish Fed rhetoric – will closely watch the forward-looking indicators (eg, PMIs – disappointing) before removing recession risk from the radar.

2. Fed policy: The Fed's communication strategy now seems to be more sensible to market volatility. With the Fed abandoning any pre-set policy path, and likely ending the tightening process in H1 (we now expect one hike in 2019), upside pressure on interest rates looks to be fading and the idea of central bank (CB) liquidity drying up could be of less concern than feared during the year-end blues.

3. Earnings: This could be a headwind for risk assets. After a strong increase over the past two years, EPS growth is expected to decline sharply in 2019, due to a deceleration in global GDP growth, fading impacts of US tax reform, declining sector contributions from oil and commodities, and rising labour costs. But most bad news already seems to be priced in as confirmed by the more muted reactions to negative news.

4. Trade disputes: Progress in trade negotiations is key. The direction towards cooperation seems clearer, encouraged by the weaker economic activity in China, with spillovers in the US which are pressuring the leaders to seek solutions. But markets will require tangible actions before repricing lower trade risk.

In addition, we continue to maintain a strong **long-term awareness of the structural fragilities** of the current economic/political/social framework. Long-term challenges remain: the China-US relationship; the Chinese delicate soft landing phase; DM CB with little room for manoeuvre to fight recessions; global debt at skyrocketing levels; global growth engines losing steam; and rising inequalities: each of these factors, all the more if combined together, represent a recipe for social unrest. Last year was a period focused on the sequence of repricing in asset classes: EM first, EU equities second, US equities and DM credit at the end. We are now approaching **a new sequence when some asset classes will bottom out (starting with EM)** while some others can still experience some further repricing or liquidity issues (low-quality debt). In our view, investors seeking to build resilient portfolios should increase liquidity buffers, focus on valuations, and identify the asset classes that could offer interesting entry points in order to start rebuilding some risk exposure in asset allocation.

High conviction ideas

- **Multi-asset:** We maintain our overall defensive stance, but we seek to cautiously increase risk exposure, as risk assets should be supported by more dovish CB stances and China's expansionary polices. In DM credit, we think most of the widening is now behind us, as the market is discounting recession risks. We prefer EU credit, considering the better fundamentals and a relatively more favourable technical backdrop. We think investors should add duration in the US.
- **Fixed income:** We expect the prevailing uncertainty and growth deceleration to cap any significant increase in interest rates. With no strong duration conviction, we believe investors should seek opportunties in relative value strategies, keeping a preference for US duration. EU credit is better valued, and we suggest taking advantage of the rich supply in the primary market to reintroduce some risk exposure. Also, the US high yield is now more attractive, as is EM debt (also in LC).
- **Equities:** Focus continues to be on the sustainability of earnings and names that can deliver over the medium term. The US earnings outlook, although weakening, still looks positive for the year. We have become more constructive on the FAANG after the correction. In Europe, we seek value in cyclicals, in many case now discounting a recessionary environment. EM equity, cheap on a relative value basis vs DM, could be the first to benefit from a Fed pause, a solution on tariffs or stronger stimulus in China. Opportunities may be seen at the single country level (eg, India, with growth still well above the rest of the region).

* EM = Emerging Markets, DM = Developed Markets, ECB=European Central Bank. FAANG= Facebook, Amazon, Apple, Netflix, Google.

MACRO & STATEGY

Philippe ITHURBIDE
Global Head of Research

Monica DEFEND
Head of Strategy, Deputy Head of Research

Didier BOROWSKI
Head of Macroeconomic Research

"After a brutal valuation reset, some value is back in risk assets."

A year in two stages

2019 begins with a synchronised global slowdown. All recently published data, particularly trade and manufacturing data, show that economic activity is slowing in all countries simultaneously. In China, exports and imports contracted sharply in December, as did most Asian economies. In Europe, growth also seems to be slowing more sharply than expected. Germany - the Eurozone economy most exposed to the manufacturing sector and world trade - seems to be the most affected. Finally, in the US, business investment shows early signs of weakness (deterioration of ISM indexes or confidence of small businesses); and the rise in credit spreads will certainly weigh on investment in 2019.

In these conditions, should we fear a fall in global growth? Or is it a temporary slowdown? The slowdown in world trade is likely the result of uncertainty over trade between the US and China. **The global uncertainty index reached its highest level in December**. The previous peak was just after Donald Trump's election. The sharp trade tensions between the two countries are a key source of uncertainty. It is indeed in the US and in China that it has increased most significantly over the recent period. An increase in uncertainty tends to weigh on the trade of many countries through a slowdown in investment and disruption of production chains.

That being said, the US and China concluded a truce on December 1 that both parties have every interest in respecting, given the darkening economic outlook.

Since then, the Chinese authorities have sent conciliatory signals. Donald Trump has now interest in finding a compromise given the clouds that accumulate on the US economy (end of fiscal stimulus in sight, tightening in financial conditions, impact of a shutdown that does not seem ready to end). Under these conditions, a destabilisation of world trade could end up weighing heavily on the US economy. It is noteworthy that world trade has been experiencing over the past years mini-cycles (short periods of acceleration or deceleration) which temporarily give the illusion of a synchronised global economic cycle. The last episode dates from 2017, when world trade rebounded. The year 2018 began with the theme of a synchronised global recovery that did not last long. The strength of global trade led economists to be overly optimistic (especially in Europe, where growth forecasts were revised up sharply). Today the slowdown in world trade is likely to lead to an error of the same type but in the other direction. Subject to China and the US continuing to settle their dispute through negotiation, growth in world trade is expected to stabilise by mid-2019 to a level close to that of world GDP (3.5%). Economies are not at the same stage of their cycle. Considering the determinants of domestic demand, we expect advanced and emerging countries to decouple in the second half of the year, with the continuing slowdown in advanced economies (especially in the US) and a stabilisation or even re-acceleration of growth in emerging countries.

The Strategist's View – Main changes since November outlook

A few changes have occurred in the macro-financial environment in the last three months. Economic growth slowed globally, trade disputes translated into weaker world trade growth. financial conditions tightened sharply, US Treasury yields experienced positive flows based on a flight to quality (moving down 50 bps since October 2018).

Furthermore, **we adjusted our Fed forecast** (one hike in 2019, depending on economic data) and revised our US Treasury yield accordingly (10Y T Bond at 3% end-2019). In the euro area, we now see no rates hike in 2019 and revised the 10Y Bund to 0.45% by end-2019.

We also **revised downward our EPS growth expectations**: fundamentals remain slightly above trend in the US (6.7% in 2019), but this last leg of late-cycle dynamics could see some headwinds that go beyond margins and relate to revenue generation in the future. This will result in an eroding of our sales projections (manufacturing and wholesale, while retail continues to be supported by solid consumption). The reporting season will shed some light on top-line guidance.

In terms of **investment consequences**, the combination of more patient and flexible monetary policy stances, encouraging tariff negotiations, and economic intervention of Chinese authority could positively affect risk assets (and represent risks should they fail to materialise) and might help for a positive reaction after the brutal valuation reset. However, our broad set of risk sentinels (liquidity, credit spreads, earnings) keep us vigilant and aware of medium-term risks. Concretely, this translates into a positive bias towards risk assets and a flexible duration management in fixed income.

ISM= Institute for Supply Management. The survey measures the economic activity in the manufacturing sector.

MULTI-ASSET

Ready to step into more rewarding risks

Matteo GERMANO
Head of Multi-Asset

"Based on a more coordinated effort from Central Banks, we believe there is now room for selectively increasing risk allocation."

Concerns regarding a more pronounced slowdown of the US economy, with a recession happening sooner than later, shook risk assets at the end of last year. We expect global economic slowdown to materialise in 2019, centred in 4Q18-1Q19. In the short term, risks to global growth remain skewed to the downside. Margins are deteriorating as higher unit labour costs and trade pressures erode companies' revenues. However, despite risk sentiment remaining fragile, (mainly due to a clear deceleration in the economic and profit cycles) we think that these concerns are overdone. The current valuations of equities and credit, even considering the early January short-covering rally, reflect excessive recession fears. Corporate fundamentals, EPS revisions, and CB dynamics are the key variables to monitor, and considering the more coordinated dovish efforts from CBs, we believe there is room to cautiously increase risk allocation.

High conviction ideas

We started the year with a defensive stance in terms of risk allocation, with limited exposure to equities. This was due to the weaker momentum in the global expansion, downward revisions to earnings, and persistent geopolitical and idyosincratic risks. We are now gradually turning more constructive on risk assets, due to appealing valuations, but we highlight the need to be vigilant. In equities, we prefer Japan and EM; both regions are the main beneficiaries of the current wave of optimism (tariffs, dovish Fed) and interesting valuations. Within EM, the key is to be selective. China appears to have discounted a lot of negative news and is benefiting from the attractiveness of the high dividend yields of companies in the HSCEI index. Further, negative momentum in revisions seems to be bottoming out in Asia, though revisions are still deteriorating in other areas.

In fixed income, we have recently become constructive on credit, as we think most of the spread widening is behind us. Corporate fundamentals look sound and leverage is stabilising (but from elevated levels in the US). We prefer European credit on account of better fundamentals and technicals and the high hedging costs for US assets.

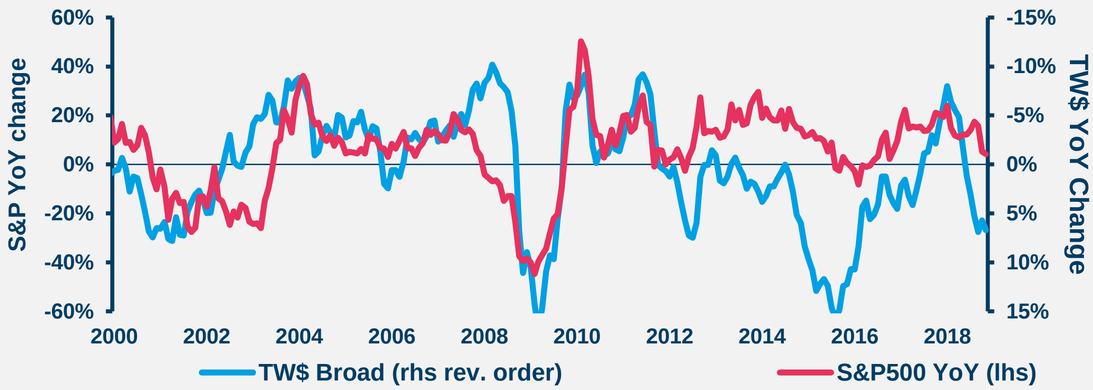
On govies, we expect US yields to stay low; we suggest long duration positions with a focus on the mid part of the curve (5 years). We don't see value in core EU rates (we mantain a negative view on 2Y Germany in particular).

In the FX market, the US rally stopped at end-2018, with continued turbulence in US stocks markets, the drop in ISM data, and the US government in a partial shutdown. Moreover, one of the biggest drivers of the dollar – rate differentials vs the rest of the world – has receded since November vs the G10 universe. We believe that the USD is exposed to headwinds in the medium term, but as US rates moved quickly, we don't see a major directional trend and we prefer to keep a neutral stance. EM FX momentum has been recovering strongly since the beginning of 2019 and still appears quite robust.

Risks and hedging

While the risks linked to extreme valuations have diminished, there clearly are some geopolitical risks (Brexit progress, Italian fiscal discipline, US/China trade negotiations). We believe investors should maintain gold and yen exposure as hedges. Gold could also benefit from a more dovish Fed stance.

A stop on the trade-weighted US dollar index should benefit risk sentiment



Source: Amundi analysis on Bloomberg data. Data as of 2 January 2019. Data refers annual changes in the S&P500 index and in the Federal Reserve US Trade Weighted Broad Dollar.

*HSCEI = Hang Seng China Enterprises Index.

Amundi ASSET MANAGEMENT

FIXED INCOME

Eric
BRARD
Head of Fixed Income

Yerlan
SYZDYKOV
Head of Emerging Markets

Kenneth J.
TAUBES
CIO of US Investment Management

> ***"After the recent selloff, value has been restored in some areas of the credit market, in both Europe and the US."***

Benefit from credit and EM bond repricing

Overall assessment

The US interest rate market moved from pricing two hikes to pricing only one rate hike in the space of few weeks, following the shift in rhetoric at the Fed and the weaker global economic performance. The move in rates was fast and possibly exaggerated, however we believe the downward pressures on yields will continue, especially for the US bonds. While the balance-sheet of the Fed is shrinking, there is enough uncertainty to keep the demand for perceived safe heaven assets alive. A cap in US rates is a positive factor for EM bond while the broad spread widening has also restored some value in credit.

DM bonds

We suggest mantaining a long duration preference in the US while staying defensive in core Europe, as we consider the current valuations unattractive, particularly on the short end of the curve. Overall, we do not see a strong case for higher yields. We think investors should exploit relative value opportunities. At the curve level, we suggest keeping a flattening bias in the EMU; in core markets, we like Belgium and France. We are now neutral on UK rates: valuations seems excessively high but the downward revision of economic growth prospects is likely leading to a more dovish Bank of England.

On European credit, the recent spread widening has opened up opportunities; we consider the upcoming supply in the primary market as a chance to reload some risk, moving from a defensive to a neutral/slightly positive stance. We focus on selection and mitigating idiosyncratic risk, which could rise as the ECB steps out from the corporate purchasing programme, especially in the context of poor liquidity. We are also becoming more constructive on US credit. Selective high-yield names look better remunerating, given the benign default outlook. We also see opportunities in commercial morgtgage-backed securities (CMBS) and in non-agency MBS.

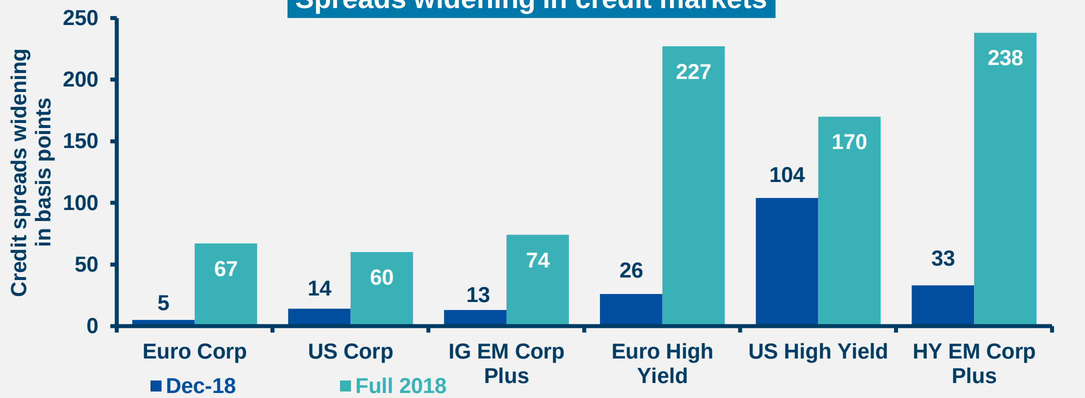
EM bonds

We believe that the tailwinds which are favouring the asset class will persist in 2019 – a more dovish Fed, a relaxation of US-China trade tensions, moderate growth with no hard landing. Relatively robust fundamentals in EM and less CB hawkishness will also support inflows. Country selection will be extremely important. We prefer countries where monetary policy could turn supportive for the economic cycle, considering specific vulnerabilities and idiosyncratic risks. With US interest rates remaining around the current levels, valuations now look attractive. We think investors could benefit from carry returns, and we like high-yielding countries, such as Brazil, South Africa and Indonesia. Local currency markets offer the highest potential, we think, should we see a materially weaker dollar.

FX

The more dovish Fed stance could weigh on the USD, but conditions in the EU (political uncertainty, growth slowdown) are not sufficiently robust to call for a significant appreciation of the currency. We are tactically more defensive on British sterling, due to Brexit uncertainty. We are becoming more positive on the Japanese yen, as the BoJ looks to be starting to refine its policy.

Spreads widening in credit markets



Source: Amundi analysis on Bloomberg data. Data as of 2 January 2019. Data refers the changes in the option adjusted spreads for the ICE BofAML indexes.

*BoJ= Bank of Japan.

Sustainability of earnings in focus

Overall assessment

Equity markets have experienced a broad-based recovery since the start of the year, after the turbulent December. Going forward, the outlook for global equities appears uncertain, due to the international economic slowdown, political uncertainties in Europe, and trade tensions. However, the asset class remains attractive as risk premia are historically high. Selection will be the name of the game, with a strong focus on sustainability of earnings growth, valuations and appealing dividend yields as a way to remain defensive in this phase.

Europe

In Europe, while the slowdown is materialising, growth forecasts remain relatively resilient, and we see the general de-rating as a source of opportunity in the market. Our focus is bottom up and we see areas of value emerging following the 2018 dislocation. We maintain a generally balanced top down stance with limited skews. On cyclicals, some names have excessively repriced, Industrials in particular offer good opportunities both in the quality cyclical and in the quality defensive compartments. We prefer this cyclical exposure to other areas such as materials. Banks look extremely cheap, but we prefer exposure to the higher quality names in the core over the peripheral banks at this stage. On defensives, in contrast, some areas have become relatively expensive. We are less positive on Consumer Staples given valuations that appear complacent and given the disruption that several of the staple companies face, which expands the range of outcomes (uncertainty) in our forecast. Healthcare among the defensives have more compelling risk reward in our view.

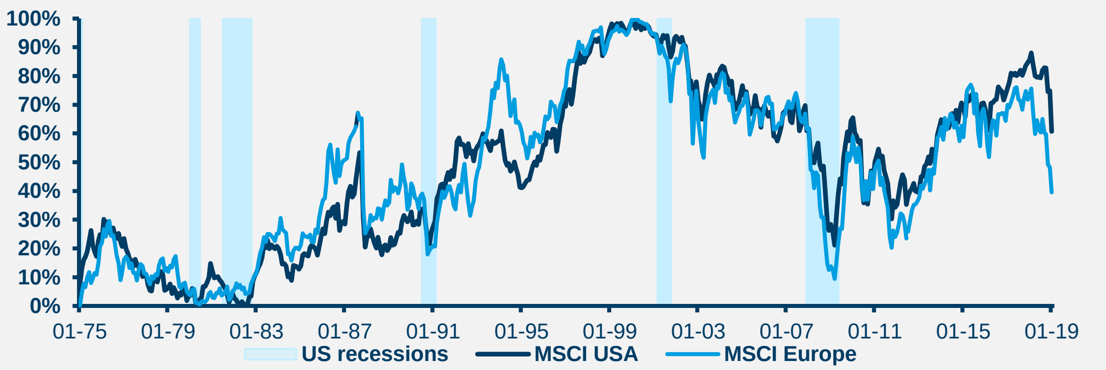
US

Assuming no major downward revisions in earnings – which does not seem likely at this point – the US market continues to be supported. Volatility will likely remain high as the market navigates through negative earning revisions. The market has already digested earning revisions in certain industries, such as energy and capital goods, but it seems likely that there is still room for further revisions, even in those industries, and in financials. We have increased our preference for the big tech/FAANG sector, which now offers more reasonable valuations and the most durable business model in the US economy. In general, this should be a good environment for active management. Valuation superiority plus avoiding the worst negative revisions, particularly in cases where they're not priced in, should be rewarded on a relative basis.

Emerging Markets

We are more constructive on EM equity as we expect the fundamental picture to stabilise and improve in 2019, and the growth premium vs DM could start widening again from the second half of the year. EM equities look cheap on a relative basis and a global investor underweight in EM provides strong technical support. Despite this positive outlook, we continue to monitor risks linked to the direction of the US dollar, the uncertainty around trade negotiations, and the sustainability of China's growth. At a regional level we have favour countries with positive growth outlooks (China, India) and very attractive valuations (namely, Russia), while we are more defensive on countries with expensive valuations (Chile, Thailand) and would avoid countries with high political risk (namely, Turkey).

Composite Valuation Indicator (CVI) of the US and European Equity markets



Source: Amundi Research. Data as of 2 January 2019. CVIs are based on a basket of criteria in absolute terms – Trailing PE, Forward PE, P/B, DY, PCF and ranked in percentile from 0 to 100% the percentage of time this basket was cheaper since 1975 (0% never been cheaper; 100% never been more expensive).

EQUITY

"Given persisting volatility, we would seek to take advantage of this by adding good-quality companies at more compelling valuations."

Kasper ELMGREEN
Head of Equities

Yerlan SYZDYKOV
Head of Emerging Markets

Kenneth J. TAUBES
CIO of US Investment Management

Amundi
ASSET MANAGEMENT

REAL ASSETS

Pedro-Antonio ARIAS
Global Head of Real & Alternative Assets

European Real Estate: Drivers and challenges

An asset class facing numerous challenges in 2019

Last year was positive globally for real estate markets, despite concerns about Brexit. For instance, the demand for office space was higher than the decade average in many European markets (with, however, some decrease over the course of the year). In the context of low returns for many asset classes, and declines experienced by stocks markets, especially at the end of 2018, the appetite for investing in real estate is set to remain strong. For example, the volume of the transactions in France hit a record last year. In 2019, and for the years after, the real estate markets will face many challenges, both structural and cyclical. However, we believe that the asset class will be able to cope with the ongoing transformation as already happened in the past.

Structural transformations in progress

Over the last few years, transformations were seen in the different asset classes in real estate. The office market is facing the evolution of working methods at big corporation given new trends such as flex desk or desk sharing, teleworking, and the rise of co-working spaces, among others. The evolution of consumption habits and the emergence of online business meant that many companies had to rethink their strategies and adopt a multichannel approach (both physical and digital): they needed to use better data in order to meet customer needs and to offer a better user experience. In addition, they had to rethink location choices and experiment with new formats. On the other side, logistics have benefited from the rise of e-commerce. Logistics face a major transformation in areas such as the need for optimization via XXL warehouses and last mile logistics. The residential sector is changing as well, with, for example, the growth of service residences for senior citizens and co-living demand. These transformations should continue over the next few years. Thus, it is key to remain focused on these changes, especially as the transformations are not fully defined yet and the real estate sector continues to evolve. Furthermore, the real estate industry has prior experience with regard to reacting to structural transformations. We believe that investors need to consider these transformations in their strategies in order that the assets in their portfolios address changes in the structure of the sector. Obviously, attention must be paid to economic fundamentals and the changing nature of real estate assets.

A difficult economic context in 2019

This strong focus is even more important in the context of high values and relatively low differentiation regarding rates of return: in Europe, a reduction of this gap was observed in the past few years in city centres, as well as downtown and suburbs, with occasionally a gap reaching its lowest level for 10 years. The 10-year rates of government bonds in Europe increased less than anticipated in 2018. However, they should grow slightly in 2019 according to our central scenario. At the same time, financial conditions will be less easier on global scale, than in previous years. The main European real estate markets are currently benefitting from a positive spread between prime office yields and 10-year bond rates. This gap could decrease and thereby dampen the impact of 10-year rate’s increase on return rate. The principal European real estate markets could see stable performances in 2019 for prime assets, even if some punctual increases are not to be discarded in a changing environment with political risks. On the basis that few offers have been observed in numerous city centre markets such as Paris, Berlin, and, to a lesser extent, Amsterdam, a moderate rise of market rent could occur in offered sectors. To keep a balance, it is also necessary to remain attentive to office space production and the rise in demand. The economic environment will be key because a slowdown could potentially impact demand for offices and stop the potential rise in rents. Leased assets, which supply rental yields, are a key component in the global performance of real estate and thus represent premium assets in a diversified strategy. Moreover, the possibility of an increase in inflation by 1.5% in the Eurozone could lead to a rise in indexed rent, which should be positive for performance.

> *“2018 was a positive year globally for real estate markets. Investor appetite for real estate remains strong. In 2019, and for the years thereafter, real estate markets will see many challenges, both structural and cyclical. We believe that investors need to consider these transformations in their investment strategies so that portfolio allocation addresses changes in the sector.”*

Amundi
ASSET MANAGEMENT

Amundi high conviction positions

Asset allocation: multi-class outlook								
	1 month change	---	--	-	0	+	++	+++
Equities vs govies	→				■			
Equities vs credit	→					■		
Credit vs govies	↗					■		
Duration	→				■			
Oil	→				■			
Gold	→					■		
Euro cash	→			■				
USD cash	→					■		

The table above represents cross asset assessment on a 3-6 month horizon, based on views expressed at the most recent global investment committee. The outlook, changes in outlook and opinions on the asset class assessment reflect the expected direction (+/-) and the strength of the conviction (+/++/+++). This assessment is subject to change.

	Relative outlook and convictions by major asset class				
	Asset class	One-month change on view	Underweight	Neutral	Overweight
GOVIES	US	→			●
	US linkers	→			●
	Euro core	↗		●	
	Euro peripherals	→		●	
	UK	→	●		
	Japan	→	●		
CREDIT	US IG	→		●	
	Euro IG	↗			●
	US HY	↗		●	
	Euro HY	→			●
	GEM debt hard cur	↗			●
	GEM debt loc cur	↗			●
EQUITIES	US	↗			●
	Eurozone	→		●	
	UK	→		●	
	Japan	↗			●
	Pac ex Japan	→		●	
	Global EM	↗			●

CURRENCY VIEWS

FOREX	EUR vs USD	=
	EUR vs GBP	=
	EUR vs JPY	–
	USD vs JPY	–

LEGEND

↘ Downgrade
→ Unchanged
↗ Upgrade

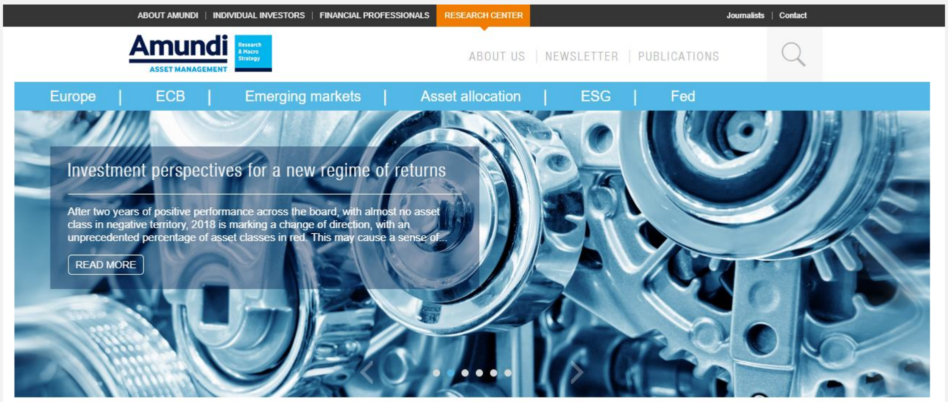
\+ Positive
= Neutral
– Negative

Source: Amundi, as of 16 January 2019. The 3-6 month return outlook refers to research views based on expected returns by asset class. This material represents an assessment of the market environment 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.**

AMUNDI Investment Insights Unit

The Amundi Investment Insights Unit (AIIU) aims to transform our CIO expertise, and Amundi's overall investment knowledge, into actionable insights and tools tailored around investor needs. In a world in which investors are exposed to information from multiple sources, we aim to become the partner of choice for the provision of regular, clear, timely, engaging and relevant insights that can help our clients make informed investment decisions.

Visit us on:



Discover more of Amundi's investment insights at www.amundi.com

INSIGHTS UNIT

Claudia BERTINO
Head of Amundi Investment Insights Unit

Laura FIOROT
Deputy Head of Amundi Investment Insights Unit

Definitions

- **Basis points:** one basis point is a unit of measure equal to one one-hundredth of one percentagepoint (0.01%).
- **Correlation:** The degree of association between two variables; in finance, it is the degree to which assets or asset class prices have moved in relation to each other. Correlation is expressed by a correlation coefficient that ranges from -1 (perfectly negative correlated) through 0 (absolutely independent) to 1 (perfectly positive correlated).
- **Credit spread:** differential between the yield on a credit bond and the Treasury yield. The option-adjusted spread is a measure of the spread adjusted to take into consideration possible embedded options.
- **Cyclical vs Defensive sectors:** Cyclical companies are companies whose profit and stock prices are higly correlated with the economic fluctuations. Defensive socks, on the contrary, are less correlated to the economic cycles. MSCI GICS cyclicals sectors are: Consumer Discretionary, Financial, Real Estate, Industrials, Information Technology and Materials, while Devensive Sectors are Consumer Stables, Energy , Healthcare, Telecommunications Services and Utilities.
- **Duration:**a measure of the sensitivity of the price (the value of principal) of a fixed income investment to a change in interest rates, expressed as a number of years.
- **FX:** FX markets refer to the foreign exchange markets where participants are able to buy and sell currencies.
- **Volatility** is a statistical measure of the dispersion of returns for a given security or market index. Usually, the higher the volatility, the riskier the security/market.

Date of First Use: 23 January 2019.

Amundi
ASSET MANAGEMENT