

The week at a glance

- **Markets:** equity markets remain close to their high points; bond yields in developed economies rose slightly this week. Foreign exchange markets were relatively calm in the week.
- **United States:** the job market is as robust as ever.
- **Eurozone:** retail sales up in November and the business climate remained very favourable.

KEY FIGURE

6.1M

The number of job openings in the US reached 6.1M in November

FOCUS

So far, during Trump's visit in Asia, things seem to be making good progress, with China offering various new deals.

We continue to think that China's strategy is to keep negotiations with Trump on the table for as long as possible.

Moreover, with the 19th Party Congress now behind us, we expect a reduction in geopolitical risk, as with internal stability reestablished in China, the government is less likely to feel the need to be seen taking a tough stance in international relations. Meanwhile, for other nations, including the US, a more cautious approach will be called for, given Xi's strong internal position.

Nonetheless, the US/China relationship will likely continue to be closely followed by markets.



KEY DATES



November 30th

OPEC meeting

December 5th

monetary policy
committee meetings
Bank of Australia

December 6th

monetary policy
committee meetings
Bank of Brazilia

December 13th

monetary policy
committee meetings
Fed

Source: Amundi Strategy

Document for the exclusive attention of professional clients, investment services providers and any other professional of the financial industry.

Our weekly analysis

Sicily's regional elections were a major shock for Italian politics, not for their outcome, which was expected but for the underlying numbers: the centre-right coalition candidate won over the M5S candidate by a relatively slim margin (39% to 35%). What was unexpected was the extent of the defeat suffered by parties on the left, whose two candidates in the election garnered just 19% (for the government PD) and 6% (for other left-leaning parties).

This was a regional election and so it has no real consequences per se but Sicily is a big region in demographic terms (5.06 million inhabitants, 8.4% of the total population) and used to be a decisive region, where previous elections were decided by a large number of swing voters. This time, turnout was very low (less than half of the 4.6 million potential voters actually went to the polls).

The clear winner of the day is once again the centre-right, led by Berlusconi, which is gaining momentum in the polls and could gain more after this success; in terms of percentages obtained, M5S is also a winner. The clear loser is the PD, which came in a distant third, and its leader, Mr. Renzi who did not manage to keep the party united and who was also unable to negotiate a single, joint candidate with the other left-leaning parties. The bulk of remaining items to be approved by the current Parliament

will likely be voted by the end of the year. The most relevant is the budget law, which has already been drawn up and submitted to the EU Commission.

What is at stake? Political judgment aside, there are two parameters that will impact any assessment of Italy in the run-up to the coming legislative elections. The first is continuity of economic policy: it is undeniable that the Italian economy is improving (as witnessed also by the recent S&P upgrade) and that these improvements are not only cyclical but, at least to a certain extent, also structural. **The second is the relationship with Europe and the need for Italy to maintain an economic policy approach that is compliant with European rules (in particular with the debt rule).**

Index	Return			
	11/10/2017	1 W	1 M	YTD
Equity markets				
S&P 500	2585	-0.1%	1.3%	15.4%
Eurostoxx 50	3605	-2.3%	0.2%	9.6%
CAC 40	5395	-2.2%	0.6%	10.9%
Dax 30	13167	-2.3%	1.7%	14.7%
Nikkei 225	22681	0.6%	8.9%	18.7%
MSCI Emerging Markets (close -1D)	1134	0.7%	1.9%	31.5%
Commodities - Volatility				
Crude Oil (Brent, \$/barrel)	64	3.1%	13.0%	12.6%
Gold (\$/ounce)	1285	1.2%	-0.2%	11.5%
VIX	11	2.0	1.0	-2.9
FX markets				
EUR/USD	1.17	0.5%	-1.2%	10.9%
USD/JPY	114	-0.6%	0.8%	-3.1%
EUR/GBP	0.88	-0.5%	-1.2%	3.5%
EUR/CHF	1.16	-0.1%	0.8%	8.3%
Credit markets				
Itraxx Main	+52 bp	+2 bp	-4 bp	-20 bp
Itraxx Crossover	+242 bp	+19 bp	-3 bp	-46 bp
Itraxx Financials Senior	+52 bp	+2 bp	-7 bp	-41 bp

Index	Return			
	11/10/2017	1 W	1 M	YTD
Fixed Income markets				
EONIA	-0.36	--	+1 bp	-3 bp
Euribor 3M	-0.33	-	-	-1 bp
Libor USD 3M	1.41	+2 bp	+5 bp	+41 bp
2Y yield (Germany)	-0.75	+1 bp	-5 bp	+2 bp
10Y yield (Germany)	0.40	+3 bp	-5 bp	+19 bp
2Y yield (US)	1.65	+4 bp	+14 bp	+47 bp
10Y yield (US)	2.38	+4 bp	+1 bp	-7 bp
Eurozone Sovereigns 10Y spreads vs Germany				
France	+37 bp	-2 bp	+10 bp	-11 bp
Austria	+15 bp	-2 bp	-3 bp	-7 bp
Netherlands	+11 bp	--	-1 bp	-4 bp
Finland	+16 bp	--	-1 bp	+2 bp
Belgium	+24 bp	-	-3 bp	-8 bp
Ireland	+24 bp	+2 bp	--	-30 bp
Portugal	+164 bp	-6 bp	-31 bp	-192 bp
Spain	+114 bp	+3 bp	-11 bp	-3 bp
Italy	+142 bp	-1 bp	-27 bp	-19 bp

Source: Bloomberg, Amundi Strategy - Friday, November 10, 2017 - 3:00pm

DISCLAIMER completed on 10th november 2017

Consideration should be given to whether the risks attached to any investments are suitable for prospective investors who should ensure that they fully understand the contents of this document. A professional advisor should be consulted to determine whether an investment is suitable. The value of, and any income from, an investment can decrease as well as increase. Further, past performance is not a guarantee or a reliable indicator for current or future performance and returns. This document does not constitute an offer to buy nor a solicitation to sell in any country where it might be considered as unlawful, nor does it constitute public advertising or investment advice. This document has not been drafted in compliance with the regulatory requirements aiming at promoting the independence of financial analysis or investment research. Amundi is therefore not bound by the prohibition to conclude transactions of the financial instruments mentioned in this document. Any projections, valuations and statistical analyses herein are provided to assist the recipient in the evaluation of the matters described herein. Such projections, valuations and analyses may be based on subjective assessments and assumptions and may use one among alternative methodologies that produce different results. Accordingly, such projections, valuations and statistical analyses should not be viewed as facts and should not be relied upon as an accurate prediction of future events. The information contained in this document is deemed accurate as of 09/03/2017. Data, opinions and estimates may be changed without notice. This material is solely for the attention of institutional, professional, qualified or sophisticated investors and distributors. It is not to be distributed to the general public, private customers or retail investors in any jurisdiction whatsoever nor to "US Persons". Moreover, any such investor should be, in the European Union, a "Professional" investor as defined in Directive 2004/39/EC dated 21 April 2004 on markets in financial instruments ("MIFID") or as the case may be in each local regulations and, as far as the offering in Switzerland is concerned, a "Qualified Investor" within the meaning of the provisions of the Swiss Collective Investment Schemes Act of 23 June 2006 (CISA), the Swiss Collective Investment Schemes Ordinance of 22 November 2006 (CISO) and the FINMA's Circular 2013 on distribution of collective investment schemes. In no event may this material be distributed in the European Union to non "Professional" investors as defined in the MIFID or in each local regulation, or in Switzerland to investors who do not comply with the definition of "qualified investors" as defined in the applicable legislation and regulation. Amundi has prepared and presented these performances in compliance with the Global Investment Performance Standards (GIPS®). Amundi, the «firm», groups together all the fee-paying portfolios managed in a discretionary manner by the worldwide management centers. The 2010/01/01, asset management activities for third parties represented by Crédit Agricole Asset Management and Société Générale Asset Management (AIMR/GIPS compliant and verified since 1994/01/01) merged, giving birth to a new asset management company Amundi. As of 2014/12/31, the investment centers include Amundi Paris, London, Tokyo, Hong Kong, Singapore, Malaysia, Amundi IS (only structured management), Amundi Smith Breeden and Amundi AI. According to the GIPS® standards, the total firm assets include the assets of all portfolios falling within the definition of the Firm, i.e. EUR567 billion as of 2014/12/31. A complete list and description of all of firm's composites is available upon request by e-mailing : 'gips-aimr-information@amundi.com In compliance with French applicable laws, Amundi Asset Management's contacts have the right to receive, rectify or ask for deletion of the personal data Amundi holds on them. To enforce this right, they can contact Amundi Asset Management at: info@amundi.com Document issued by Amundi Asset Management, French joint stock company ("Société Anonyme") with a registered capital of € 746 262 615 and approved by the French Securities Regulator (Autorité des Marchés Financiers-AMF) under number GP 04000036 as a portfolio management company, 90 boulevard Pasteur - 75015 Paris-France - 437 574 452 RCS Paris. Composition: ART6. Photos: 123rf; iStock.