

Investments - Flash



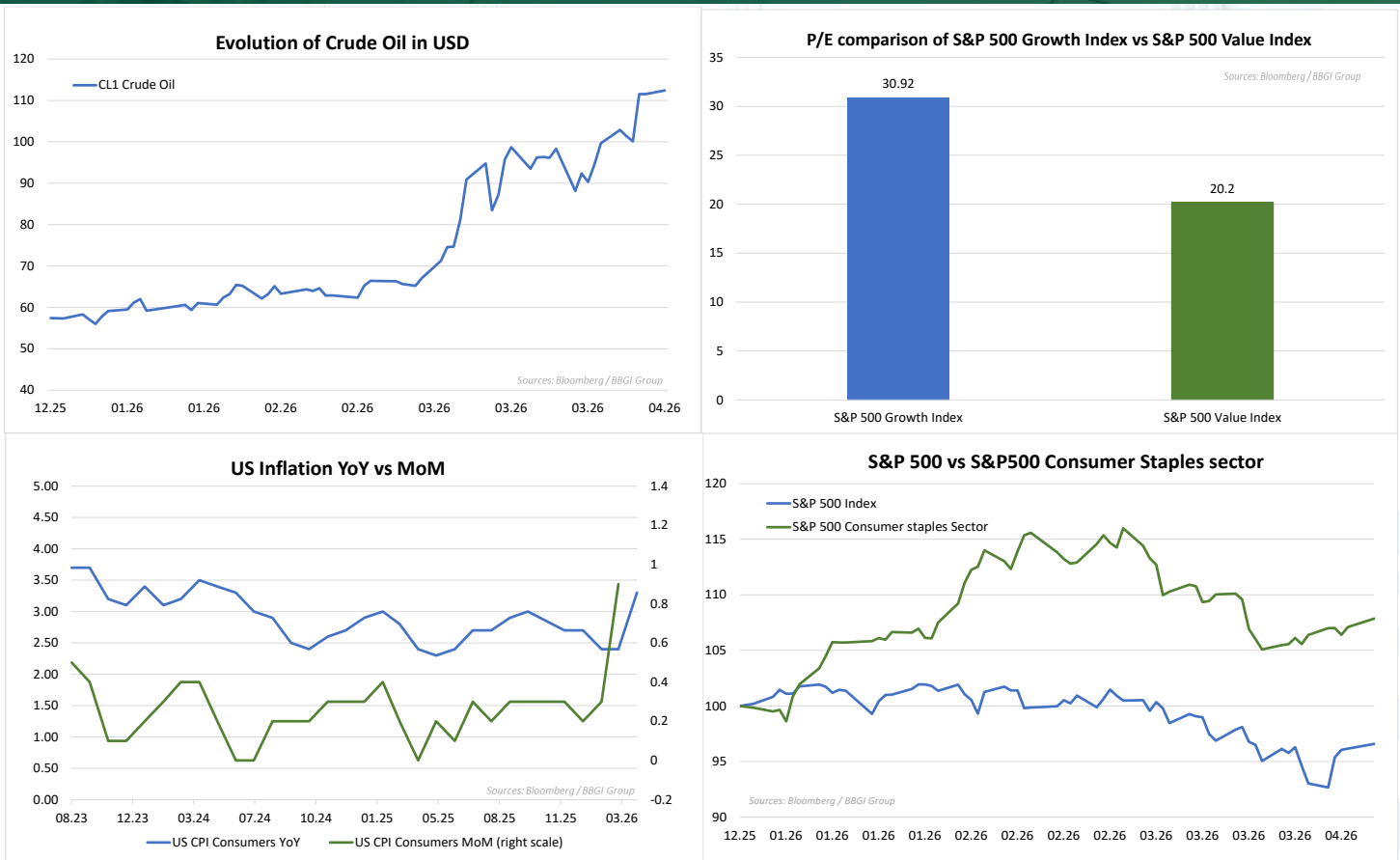
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BASIC CONSUMPTION: RESILIENCE AND PERFORMANCE

A defensive strategy is essential in the face of rising stagflation risks

The oil shock is reigniting the stagflation scenario, which is becoming increasingly likely. Against a backdrop of economic slowdown and persistent inflation, the consumer staples sector is not only a safe haven but also a driver of uncorrelated performance based on the inelasticity of demand. Consumers will cut back on this type of essential spending only as a last resort, which will support the relative resilience of sales and earnings for companies in the sector compared to other segments, particularly growth stocks. Amid the AI hype, the sector is trading at attractive multiples, offering an opportunity to rotate investments into stocks that often provide stable dividends. In a much more uncertain market environment,

this defensive sector offers attractive prospects. The S&P Consumer Staples Index, up +6% since the start of the year, has thus outperformed the S&P 500 (-3.5%). We believe that, given the deteriorating economic situation and the growing risks of stagflation, this defensive sector offers an attractive risk-reward ratio. The economic slowdown will also prompt a number of consumers to seek out more price-efficient products to adjust their budgets. We recommend overweighting the sector and companies with these efficient business models.



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