
Investment Traffic Lights

Our tactical and strategic view

Market overview

So now December has to fix it. After October pushed the total returns of most markets deep into the red for the year to date, a rather balanced November did not change much. According to calculations by Jim Reid, chief economist of Deutsche Bank, you can go back until 1901 and you will not find a single instance in which so many asset classes showed a negative return for the first eleven months of any given year, calculated in U.S. dollars (USD). The study examined 60 equity and government-bond indices, four credit indices, one near-money-market index and five commodities. A total of 89% of these are in the red for 2018 – a record. By contrast, 2017 stood out as a year where the number of losers was unusually low. Thus, while losses have not been high in 2018, the breadth of the declines is noteworthy.

However, the first market reactions to the G20 summit on December 3 were enough to push the MSCI World Index back into positive territory for the year to date. How sustainable this start to any widely hoped-for year-end rally will be is just as uncertain as the sustainability of what was agreed between the United States and China. As our outlook for the G20 meeting (see [G20 summit: no big deal, we guess](#)) already notes, we do not believe the United States is ultimately only concerned with the trade deficit and punitive tariffs. Unfortunately, it is only when it comes to tariffs that the summit appears to have yielded tangible results. Moreover, these results are only temporary: The United States is initially suspending its increase from 10% to 25% on Chinese exports of 200 billion USD for a period of 90 days. During this period, Beijing is expected to make concessions on some contentious issues. We remain cautiously apprehensive. Meanwhile, the avoidance of any further escalation has had at least an initial calming effect on markets.

Read the complete article [>>here<<](#)

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Glossary

Credit market

The **credit market** is the market for corporate bonds

G20

The **Group of 20** are the largest industrialized and emerging economies in the world.

Government (sovereign) debt/bonds

Government (sovereign) debts/bonds are debt/bonds issued and owed by a central government

MSCI World Index

The **MSCI World Index** tracks the performance of mid- and large-cap stocks in 23 developed countries around the world.

U.S. dollar (USD)

The **U.S. dollar (USD)** is the official currency of the United States and its overseas territories.

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