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1) G20 Summit: "Positive Developments for Shares…"

The following extracts are from AMP's weekly Market Update today by [Dr Shane Oliver](), AMP Capital's Head of Investment Strategy and Chief Economist:

- US shares rose 4.8% over the last week, their **strongest week December since 2011**, helped by increasing signs from the Fed that it is open to pausing or slowing its interest rate increases…
- **The past week and most notably events around the weekend G20 summit in Buenos Aires saw some positive developments for shares and risk assets that provide more confidence that shares will see a rally into year end and that we won't go into a major ("grizzly") bear market**.
- First, comments from Fed Chair Powell and Vice-Chair Clarida along with the minutes from the last Fed meeting have added confidence to the prospect of a pause in rate hikes next year. The key message from the Fed is that it remains upbeat on the US economy – consistent with another hike in December, but that rates are now "just below…neutral" and it needs to be aware of potential headwinds to growth including the lagged response in the economy to past monetary tightening and that there are no major excesses to deal with, which is all consistent with the Fed being open to a pause and slower pace of rate hikes next year.
- Following a hike in December the Fed is likely to lower its "dot plot" of rate hikes for 2019 and replace the reference to "further gradual [rate] increases" in its post meeting statement with a reference to being more data dependent. A pause on rates in the first half of next year is now highly likely particularly if core inflation continues to remain benign. A slower more cautious Fed would be positive for markets as it would reduce fears of a US downturn and take some pressure off the $US which would provide some relief for emerging markets and commodity prices.
- **Second, the meeting at the G20 summit between President Donald Trump and President Xi Jinping has gone well with both describing it has "highly successful**." Basically, the US and China have agreed to halt the imposition of new tariffs (including the scheduled January 1 increase from 10% to 25% on $US200bn of US imports from China) for 90 days as the two countries negotiate a lasting agreement to solve their differences around trade and other issues.

  This is a short-term positive for markets as it's more than most appear to have been expecting from the meeting. Of course, it makes March 1 next year a bit of a drop-dead date (yet another one!) and it could still end in failure like the other attempts at negotiation so far this year.

  However, there are some big positives this time around pointing to a more successful end to these negotiations which would be positive for investment markets next year: China has indicated a preparedness to negotiate on issues like forced technology transfer, intellectual property protection and cyber intrusions that it hasn't before; negotiations have been kicked off by a Chinese commitment to purchase a "substantial" amount of US products, designate Fentanyl a controlled substance, reconsider the Qualcomm/NXP deal and work with the US to make North Korea nuclear free; the direct involvement of both Xi and Trump suggests greater commitment this time around than back in May; and the costs of the trade war are now getting higher for both countries given the threat to growth.

  I remain of view that Trump will want to resolve this issue sometime in the next six months before the tax/tariff hikes wipe out all of the remaining fiscal stimulus next year and start to act as a drag on US economic growth pushing up prices at Walmart and pushing up unemployment threatening his re-election in 2020.

- **Thirdly, the fact that the G20 leaders' summit at least agreed on a communique unlike the G7 and APEC summits is a good sign** that compromise can be found around the trade issue that results in a stronger trading system as opposed to a descent into trade wars.
- Finally, while the 30% or so slump in the oil price will provide a boost to consumer spending power and hence growth, confirmation from Saudi Arabia and Russia at the G20 summit that they plan to extend their agreement into next year to manage the world oil market is consistent with an agreement to cut back oil production (which is likely to be confirmed at this Thursday's OPEC meeting) which will provide confidence that a re-run of the 2014-16 75% oil price crash won't be repeated which should provide some relief for energy stocks and support for energy related investment.

2. New! ETF Portfolio For 2019

When we launched our 2018 ETF Portfolio Signals Service in late 2017, John Atkinson introduced new Entry and Money and Risk Management Rules, together with no less than 5 Exit Signals for ETF Investing, purposely designed to help protect capital and profits.

These Stops progressively triggered various separate exits in 2018, with some notional profits and relatively small individual losses.

In addition, we now see that many of these ETFs, representing markets from around the world, have subsequently switched from rising to falling trends, so those Exit triggers saved Members from otherwise holding on to falling ETFs in falling markets (E.g. the Chinese market has fallen -26% this year – *see above*).

While the *size* of each of the individual losses has been generally small, the number of ETF exit triggers in 2018 was more than we would have expected. This was primarily due to the impact of significant volatility and corrections in global markets in February, then in October and yet again in November 2018.

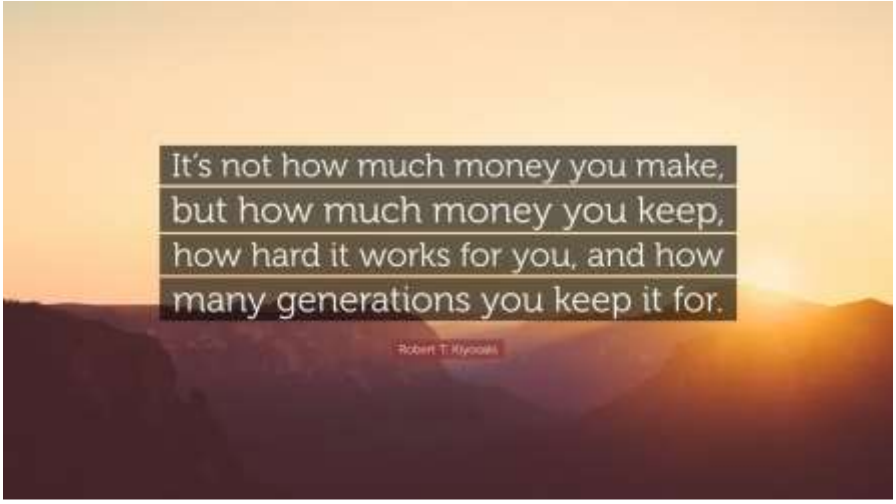
Following Wednesday's bounce in the USA, on Thursday 29th October, John opened the **new ETF Portfolio for 2019** - with **3 new Entry Signals** into Exchange Traded Funds (ETFs) which:

1. Are available in Australia - so they can bought and sold like shares on local trading platforms without the need to open an overseas account
2. Represent 3 stock market Indices from around the world which are still in **rising trends.**

The '*Super 10 ETF Portfolio for 2019'* is **now open** and currently has:

- ✓ 3 new '*open*' notional ETF positions (since Thursday 29th Nov 2018)
- ✓ 2 extra new Entry Signals have been announced for Monday 3 Dec 2018, leaving
- ✓ 5 positions in '*Ca$h'*, awaiting additional Entry Signals in global rising trends

For More Info. Click Here Now ➔



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