

# Our monthly market analysis and positioning



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## IN A NUTSHELL

- The third quarter and September in particular went surprisingly well for both bond and equity investors.
- The Fed and the ECB are lowering interest rates, and the U.S. and German yield curves turned positive again in September.
- We remain positive over a 12-month horizon, particularly for equity markets. However, there is still a risk of a significant economic downturn.

## 1 / Market overview

### An astonishingly good September, ending with some Chinese fireworks

The fact that September went so well for both equities and bonds may have come as a surprise to those who read the market analyses by leading banks and brokers at the end of August. Many warned against this month, which has so often disappointed in the past. But this year it delivered the first positive performance for the S&P 500 since 2019 (and the best 9-month result this century), while global bonds<sup>1</sup> had their best September since 2016. This is just a reminder that 'historical' averages or patterns are not a good guide when making investment decisions – they are of little value in specific cases.

It is probably also necessary to be cautious about historical comparisons in the current interest rate cut cycle, as this economic and interest rate cycle differs from previous ones in many respects. Both the U.S. and German yield curves (in 2- and 10-year government bonds) turned positive again in September for the first time in years. Historically, the rise out of negative territory has usually been followed by a recession, especially in the U.S. While that risk remains, it is not our core scenario.

In September the U.S. Federal Reserve (Fed) also entered the rate-cutting cycle, and seemed to want to show who was in charge with its 50 basis points (bps) move. After all, the European Central Bank (ECB) had dared to make the first interest rate cut before it, back in June. But now the Europeans are once again the ones under pressure as the market is now pushing for a further interest rate cut as early as October. However, this may not only be due to the Fed's bold start, but also to the consistently weak economic data from Europe.

The automotive sector has been hit hardest, with a series of profit warnings. China meanwhile has failed to produce strong economic data, but the government surprised markets with a comprehensive package of measures towards the end of the month, which helped the local CSI300 stock index to gain 27% (from its monthly and annual lows). It remains to be seen how sustainable the measures will be and whether they will also be able to boost the economy structurally. However, the prospect of government (or semi-governmental) aid for institutional share purchases is likely to have boosted prices for the time being.

<sup>1</sup> Bloomberg Global Aggregate Index as of 9/30/2024

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## 1.2 Gold at new highs, oil at new lows

Global stock markets reached new highs in September, once again largely driven by the U.S. tech markets. The MSCI World AC achieved a total return of 2.4%, while the Nasdaq returned 2.6%. Thanks to China's reform package, Asian equities<sup>2</sup> (excluding Japan) rose by as much as 8.5%, while the MSCI Japan fell by 2.2%, partly due to the stronger yen.

Bonds also ended September with positive returns across the board, while oil lost 7% over the month (for Brent crude), despite further escalation of hostilities in the Middle East. This was attributed primarily to higher production volumes in smaller OPEC countries, as well as expectations that Saudi Arabia will increase its production. On the other hand, gold shone with a gain of 5.1% (27.5% year to date), with a monthly high of USD 2,685 per ounce.

## 2 / Outlook and changes

On September 5<sup>th</sup>, DWS' new 12-months forecasts for economic and asset class targets were formulated. Our economic base case scenario continues to assume a soft landing in the U.S. and a gradual reacceleration in the course of 2025. Elsewhere in the world economic activity is muted but not falling off a cliff. An important change is that, unlike in the past 20 years, China is no longer the locomotive of the global economy. In fact, it is quite the opposite: hit by the housing crisis and weak domestic demand, China is exporting its manufacturing surpluses into Europe and the Americas. Although the recently announced plethora of stimulus measures might help the domestic economy somewhat, we remain skeptical about their ability to produce a longer-term boost for China or developed markets. Therefore, our base case scenario is very much dependent on three U.S. factors, leaving aside global geopolitical risks. First, we expect improved U.S. consumer sentiment post the election. Second, an ongoing Fed rate cut cycle that does not create new inflation worries at the longer end of the interest rate curve. And third, no major setback to the Artificial intelligence (AI) story which keeps driving corporate capital expenditures at a high pace.

Before we delve deeper into the strategic outlook for the single asset classes, a quick recap of the tactical changes made in September. In the middle of the month, we upgraded U.S. Investment Grade (IG) bonds to Neutral, as we expected the pressure on spreads due to the previously high supply to subside. More recently we upgraded the 10-year Italy-Bund spread to +1, as Italy's 2025 budget discussions seem to have gone more smoothly than expected.

### 2.1 Fixed Income

Fixed Income remains an attractive asset class as we continue to expect the yield curve to normalize further, meaning that short-term yields come down while long-term yields stay elevated or even increase slightly. We still see the best risk-adjusted returns at the short end of the curve and in European Investment Grade credit assets.

#### Government Bonds

As the downside risks to growth and inflation have increased, we believe that both the Fed and the ECB are switching their focus from inflation to the labor market. We forecast that the ECB will cut without delay towards a deposit rate of 2.5% by September 2025 and expect the Fed funds rate to be cut from the current 4.75 to 5% to 3.75-4.00% by September 2025. Markets are pricing in more cuts but we believe that the central banks will only do this if economies weaken by more than we expect. Bund yields will, in our view, be rather stable, with 2.00% and 2.25% yields for 2- and 10-year Bunds respectively by September 2025, a slight rise at the longer end as economic growth will improve. For the U.S. we expect something similar, a 3.60% 2-year Treasury yield in a year's time, close to the current level, and a slight rise to 4.05% for 10-year Treasuries as growth improves, while public debt keeps on increasing. Our preference is for U.S. maturities of 2year-5year.

<sup>2</sup> MSCI AC Asia ex Japan as of 9/30/2024

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In Japan we believe the cautious hiking cycle will continue, but the timing is extremely difficult to predict. Our main scenario is for two policy rate hikes within the forecast horizon to a key rate of 0.75% as wage increases continue. We think that 30-year Japanese Government Bond (JGBs) look strategically attractive on a hedged basis for European investors. Equally, for global investors that invest in British pounds, the total return on UK government bonds still looks attractive on an unhedged basis.

### U.S. Treasuries and German Bunds went different ways in September



Source: Bloomberg Finance L.P., DWS Investment GmbH as of 10/2/24

### Corporate Bonds

We remain positive on Euro IG Credit, although the room for further spread tightening seems limited. While spreads are tight, all-in yields remain attractive, especially if the U.S. doesn't fall into a recession and Europe's manufacturing sector gains pace. Covered Bonds remain an attractive opportunity in the high-quality space. EUR High Yield (HY) looks interesting on a pure return basis, but less compelling on a risk-adjusted basis.

In the U.S., credit spreads continue to be near multi-year tight, amidst strong supply and positive fund flows. A soft landing and a less restrictive monetary backdrop may extend gains further. The expectation of further Fed rate cuts could be a catalyst for investors to move from money markets to longer duration fixed income, even if valuations and fundamentals remain neutral. On U.S. HY we are negative as we believe spreads are relatively tight given an economic outlook in which there is still some possibility of a recession. There are, however, still opportunities, we believe, in more defensive business models that could potentially benefit from lower borrowing costs.

### Emerging Markets

In emerging markets we expect the spreads on U.S. Dollar (USD) sovereign bonds to tighten as lower rates in the core markets such as the U.S. and Eurozone should be supportive for spread asset classes. Some Investment Grade (IG) names already have tight spreads but remain attractive against Developed Market bonds. We see value in some "BBB"-rated issuers. We also feel several HY names are attractive, though we remain selective as some of these credits have downside risks. The Euro (EUR)-denominated bonds of various IG and HY sovereigns have attractive yields. Also supportive for this asset class technically is a very low level of new issuance. The flow picture is an important driver for these credits. A recovery in inflows might occur if U.S. yields fall, leading to a more attractive relative value assessment for spread asset classes.

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### Volatility of credit spreads increased in the third quarter



Source: Bloomberg Finance L.P., DWS Investment GmbH as of 10/2/24

### Currencies

The Dollar is expected to weaken against the euro as the Fed starts to cut rates. However, as the Eurozone's economic narrative is currently far from convincing, we don't expect the Euro to rise far. The Bank of Japan is on the opposite path to the Fed and is expected to raise rates further into 2025. The Yen should benefit though the pace of appreciation is likely to be low given that Japan still has a sizeable rate differential to the U.S. Meanwhile we believe the British pound has the potential to continue to move higher against the dollar. The UK's economic recovery should continue as the Labour government is poised to improve the country's relationship to the EU. The pound is our top pick currently.

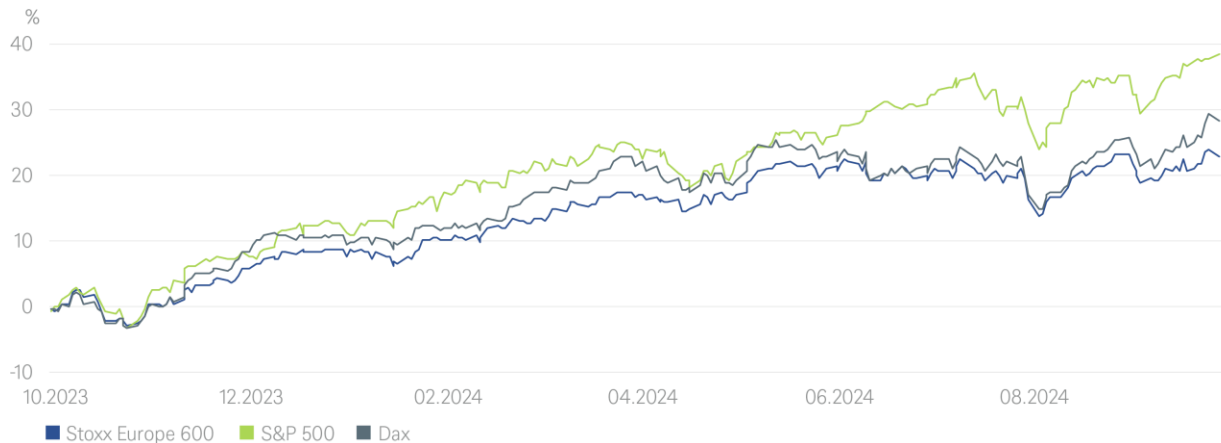
## 2.2 Equities

We are raising our 12-month targets again across most regions (S&P 500: 5.800 /DAX 20.000). Provided recession is avoided, we forecast company earnings will continue to rise by 5-10% over the coming years, making it difficult to come up with a bearish scenario for global equities. As equity investors, we assume that the U.S. will be able to carry out orderly elections. We currently see a Harris victory as the most likely outcome and think that a divided government is likely, making it difficult to pass bigger legislative changes. We are closely monitoring the differences between the two main candidates' corporate tax policies.

Some of the global mega-large caps seem particularly expensive. We expect that the U.S. "Magnificent Seven" will continue to deliver the expected strong earnings per share (EPS) growth. However, their share prices are unlikely to return to their previous all-time highs without powerful new evidence that the epic AI capex spending is justified and likely to deliver high returns for shareholders. Therefore, we reduced our AI exposure in late July, downgrading the communication services sector to neutral. At the same time, we upgraded health care as our preferred sector. Health care offers a combination of defensive qualities and the scope for innovative growth, and valuations are reasonable. We expect double-digit EPS growth for the global health care sector in 2025 and 2026. Health care reform is not big on the agenda of either U.S. presidential candidate, reducing the near-term risk in our opinion.

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### Strong performance of U.S. and German equities for different reasons



Source: Bloomberg Finance L.P., DWS Investment GmbH as of 10/2/24

As the Fed's change in monetary policy materializes, we expect continued broadening of global equity market leadership. Valuations remain most stretched in "growth." On the other hand, "pure value" is suffering from weak economic growth, especially in commodity and China-sensitive sectors. Therefore, we believe "blend" will be the best near-term equity style for global diversified portfolios.

We reiterate our overweight of **European** large and small cap stocks due to robust EPS growth and attractive dividend yields (Stoxx 600: 5% EPS growth in the next 12 months and a 3.5% dividend yield / small and mid-caps: 11% EPS growth, 2.5% dividend yield) as well as low valuations (both trade currently at a PE-ratio of 14 vs. 21.5 for the S&P 500).<sup>3</sup>

In **Japan** we welcome visible progress in corporate governance, with cross-shareholdings being reduced and cash hoarding giving way to share buybacks. We are refraining from upgrading Japan as we first want to see how the shrinking yield differential between the U.S. and Japan plays out on the currency market. While the strengthened yen has reduced the earnings tailwind, we would still judge levels of 140 USDJPY as offering a competitive advantage for Japanese exporters.

Elsewhere in **Asia**, we focus on select semiconductor, technology, and consumer stocks. The **Indian** stock market is shining, with strong macro fundamentals and earnings growth. However, unfortunately, international large cap investors are struggling to get access to the domestic market due to high regulatory hurdles.

## 2.3 Alternatives

The situation in alternatives can be summed up in three factors: lower central bank key interest rates and a steepening yield curve; an okayish economic backdrop; oil stable at a low level and gold going from strength to strength.

### Real Estate

Real estate prices are stabilizing, and in some cases increasing. Fundamentals are mixed across sectors and markets but healthy overall. Plunging construction starts will tighten supply conditions in 2025. High yields and strong rent growth (supported by minimal supply) should drive the next cycle. There is further upside potential if interest rates decline. We see strong structural demand drivers in logistics (e-commerce) and residential (housing shortages) in every region. Our main calls are: Logistics. Markets are tight as e-commerce keeps on fueling demand for distribution capacity around the world. Residential: Housing shortages in most major markets. High home prices are causing demand to shift to rentals. Commercial

<sup>3</sup> Based on expected next 12 months earnings. Source: Bloomberg Finance L.P., as of September 4<sup>th</sup>.

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Real Estate: U.S. office space is still weak; working from home is expected to have a lasting impact on demand. In Europe and Asia-Pacific (APAC), however, office space is more resilient.

### Infrastructure

Early signs show the performance of unlisted infrastructure has moderated in 2024, with the drop in inflation limiting the ability to offset higher rates and the tepid economic outlook. Limited liquidity has prevented a full fundraising recovery in the first half of this year but the improvement in 2023 and rate cuts should unlock more deal flow.

The fundamental policy environment remains positive; our preference is for Europe which has more developed demand-side policies for numerous energy transition sectors. Fundraising has picked up, but the transaction market is not recovering rapidly and has seen liquidity in the market suffer. Rate cuts should see some build up in momentum. Our main calls are as follows. Energy transition assets which do not require new markets to develop e.g. drop-in fuels. Airport transactions that are coming to market – there is a fundamental recovery in demand and the opportunity to add value through the conversion to more Sustainable Aviation Fuel (SAF). Data center demand continues to be one of the strongest thematic investments in the infrastructure market.

### Gold

We have raised our gold forecast yet again to USD 2,810/oz for September 2025. Gold has reached all-time highs recently on rising expectations for Fed interest rate normalization, a weaker dollar, and persistently elevated geopolitical risk. While we see relatively balanced risks near-term, we expect rising fiscal deficits coupled with rising global money creation as continued bullish factors for the yellow metal.

### Oil

Our forecast of USD 80/barrel Brent reflects ample supply near-term, with additional OPEC+ barrels potentially entering the market in 4Q 2024, along with further production increases planned for 2025. Our base case assumes a very gradual increase in OPEC+ volumes and matching moderate growth in crude demand, consistent with DWS's view of the global GDP path. Recent events in the Middle East have heightened geopolitical risk premiums, leading to increased volatility in global crude oil prices.

### Oil price mirrors weak demand and increasing supply while gold goes from strength to strength

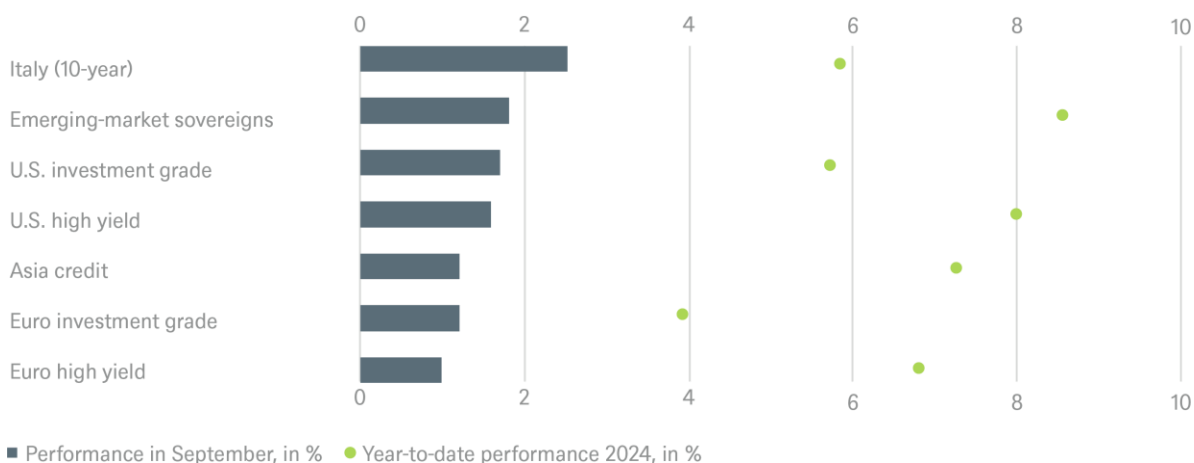
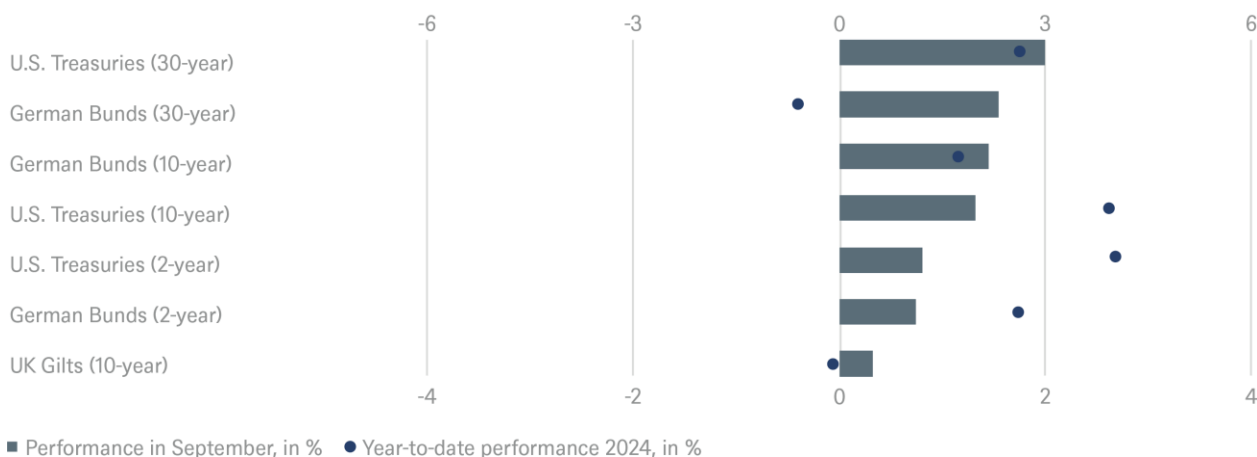


Source: Bloomberg Finance L.P., DWS Investment GmbH as of 10/2/24

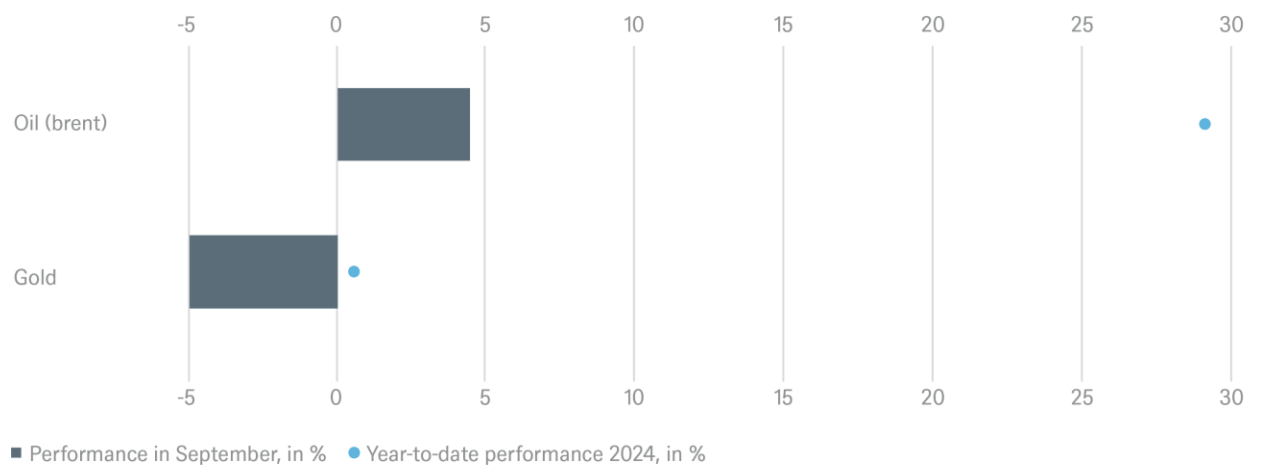
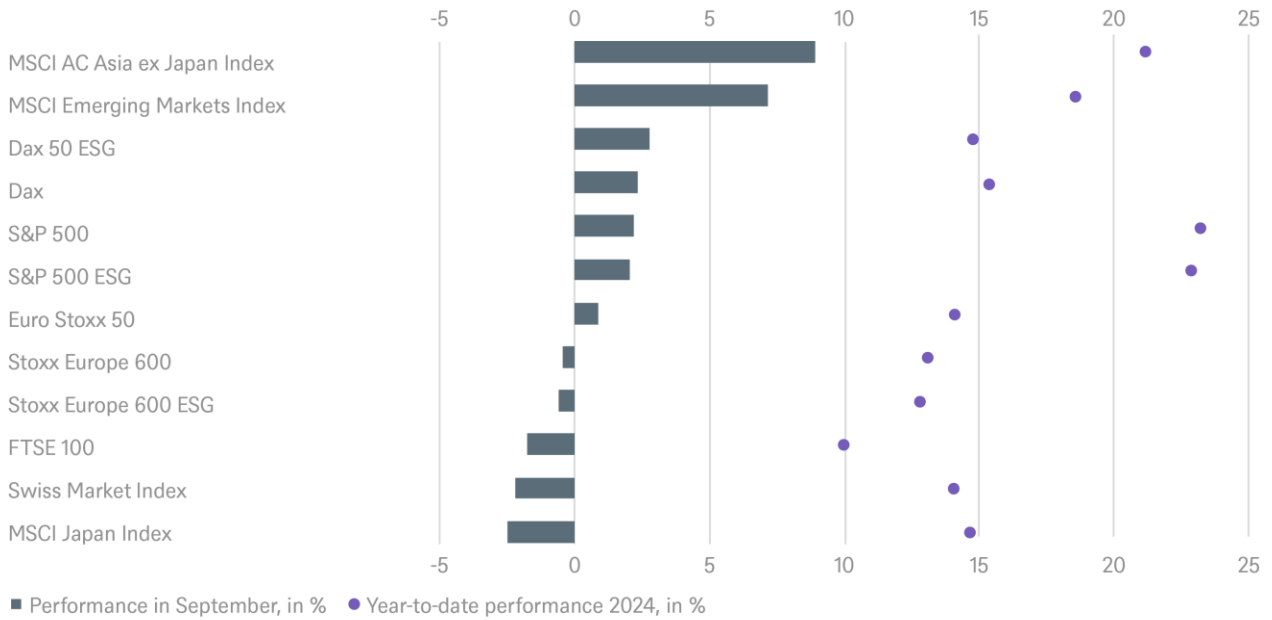
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### 3 / Past performance of major financial assets

Total return of major financial assets year-to-date and past month



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 Sources: Bloomberg Finance L.P., DWS Investment GmbH as of 9/30/24

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## 4 / Tactical and strategic signals

The following exhibit depicts our short-term and long-term positioning.

### 4.1 Fixed income

Rates	1 to 3 months	through Sep 2025
U.S. Treasuries (2-year)	●	●
U.S. Treasuries (10-year)	●	●
U.S. Treasuries (30-year)	●	●
German Bunds (2-year)	●	●
German Bunds (10-year)	●	●
German Bunds (30-year)	●	●
UK Gilts (10-year)	●	●
Japanese government bonds (2-year)	●	●
Japanese government bonds (10-year)	●	●

Securitized / specialties	1 to 3 months	through Sep 2025
Covered bonds <sup>1</sup>	●	●
U.S. municipal bonds	●	●
U.S. mortgage-backed securities	●	●

### 4.2 Equities

Regions	1 to 3 months <sup>2</sup>	through Sep 2025
United States <sup>3</sup>	●	●
Europe <sup>4</sup>	●	●
Eurozone <sup>5</sup>	●	●
Germany <sup>6</sup>	●	●
Switzerland <sup>7</sup>	●	●
United Kingdom (UK) <sup>8</sup>	●	●
Emerging markets <sup>9</sup>	●	●
Asia ex Japan <sup>10</sup>	●	●
Japan <sup>11</sup>	●	●

Spreads	1 to 3 months	through Sep 2025
Italy (10-year) <sup>1</sup>	●	●
U.S. investment grade	●	●
U.S. high yield	●	●
Euro investment grade <sup>1</sup>	●	●
Euro high yield <sup>1</sup>	●	●
Asia credit	●	●
Emerging-market sovereigns	●	●

Currencies	1 to 3 months	through Sep 2025
EUR vs. USD	●	●
USD vs. JPY	●	●
EUR vs. JPY	●	●
EUR vs. GBP	●	●
GBP vs. USD	●	●
USD vs. CNY	●	●

Sectors	1 to 3 months <sup>2</sup>
Consumer staples <sup>12</sup>	●
Healthcare <sup>13</sup>	●
Communication services <sup>14</sup>	●
Utilities <sup>15</sup>	●
Consumer discretionary <sup>16</sup>	●
Energy <sup>17</sup>	●
Financials <sup>18</sup>	●
Industrials <sup>19</sup>	●
Information technology <sup>20</sup>	●
Materials <sup>21</sup>	●

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Style	1 to 3 months
U.S. small caps <sup>22</sup>	●
European small caps <sup>23</sup>	●

### 4.3 Alternatives

Alternatives	1 to 3 months	through Sep 2025
Commodities <sup>24</sup>	●	●
Oil (brent)	●	●
Gold	●	●
Carbon		●
Infrastructure (listed)	●	●
Infrastructure (non-listed)		●
Real estate (listed)	●	●
Real estate (non-listed) APAC <sup>25</sup>		●
Real estate (non-listed) Europe <sup>25</sup>		●
Real estate (non-listed) United States <sup>25</sup>		●

<sup>1</sup> Spread over German Bunds. <sup>2</sup> Relative to the MSCI AC World Index (only for the tactical signals), <sup>3</sup> S&P 500, <sup>4</sup> Stoxx Europe 600, <sup>5</sup> Euro Stoxx 50, <sup>6</sup> Dax, <sup>7</sup> Swiss Market Index, <sup>8</sup> FTSE 100, <sup>9</sup> MSCI Emerging Markets Index, <sup>10</sup> MSCI AC Asia ex Japan Index, <sup>11</sup> MSCI Japan Index, <sup>12</sup> MSCI AC World Consumer Staples Index, <sup>13</sup> MSCI AC World Health Care Index, <sup>14</sup> MSCI AC World Communication Services Index, <sup>15</sup> MSCI AC World Utilities Index, <sup>16</sup> MSCI AC World Consumer Discretionary Index, <sup>17</sup> MSCI AC World Energy Index, <sup>18</sup> MSCI AC World Financials Index, <sup>19</sup> MSCI AC World Industrials Index, <sup>20</sup> MSCI AC World Information Technology Index, <sup>21</sup> MSCI AC World Materials Index, <sup>22</sup> Russell 2000 Index relative to the S&P 500, <sup>23</sup> Stoxx Europe Small 200 relative to the Stoxx Europe 600, <sup>24</sup> Relative to the Bloomberg Commodity Index, <sup>25</sup> Long-term investments.

#### Tactical view (1 to 3 months)

The focus of our tactical view for fixed income is on trends in bond prices.

- Positive view
- Neutral view
- Negative view

#### Strategic view through September 2025

- The focus of our strategic view for sovereign bonds is on bond prices.
- For corporates, securitized/specialties and emerging-market bonds in U.S. dollars, the signals depict the option-adjusted spread over U.S. Treasuries. For bonds denominated in euros, the illustration depicts the spread in comparison with German Bunds. Both spread and sovereign-bond-yield trends influence the bond value. For investors seeking to profit only from spread trends, a hedge against changing interest rates may be a consideration.
- The colors illustrate the return opportunities for long-only investors.
  - ● Positive return potential for long-only investors
  - ● Limited return opportunity as well as downside risk
  - ● Negative return potential for long-only investors

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## Glossary

**Artificial intelligence** is the theory and development of computer systems able to perform tasks normally requiring human intelligence

**All-in yield** refers to the total return an investor can expect from a bond or other fixed-income security.

The **Bank of Japan (BoJ)** is the central bank of Japan.

One **basis point** equals 1/100 of a percentage point.

The **Bloomberg Commodity Index (BCOM)** traces 23 commodities and reflects commodity futures price movements.

**Covered bonds** are securities similar to asset-backed securities (ABS) which are covered with public-sector or mortgages loans and remain on the issuer's balance sheet.

The **CSI 300 Index** includes the 300 largest companies of the Chinese mainland, that is companies listed on the Shanghai and Shenzhen Stock Exchange (so called A-shares).

The **Dax** is a blue-chip stock-market index consisting of the 40 major German companies trading on the Frankfurt Stock Exchange.

**Duration** is a measure expressed in years that adds and weights the time periods in which a bond returns cash to its holder. It is used to calculate a bond's sensitivity towards interest-rate changes.

**Earnings per share (EPS)** is calculated as a company's net income minus dividends of preferred stock, all divided by the total number of shares outstanding.

**Emerging markets (EM)** are economies not yet fully developed in terms of, amongst others, market efficiency and liquidity.

**EUR High Yield** measures the performance of high-yield corporate debt denominated in Euro (EUR).

The **Euro Stoxx 50** is an index that tracks the performance of blue-chip stocks in the Eurozone.

The **European Central Bank (ECB)** is the central bank for the Eurozone.

The **Eurozone** is formed of 19 European Union member states that have adopted the euro as their common currency and sole legal tender.

Federal Reserve Bank is a regional bank of the Federal Reserve System, the central banking system of the United States. There are twelve in total.

The **FTSE 100** is an index that tracks the performance of the 100 major companies trading on the London Stock Exchange.

The **gross domestic product (GDP)** is the monetary value of all the finished goods and services produced within a country's borders in a specific time period.

**Growth stocks** are stocks from companies that are expected to grow significantly above market average for a certain period of time

**High-yield** bonds are issued by below-investment-grade-rated issuers and usually offer a relatively high yield.

**Inflation** is the rate at which the general level of prices for goods and services is rising and, subsequently, purchasing power is falling.

**Investment grade (IG)** refers to a credit rating from a rating agency that indicates that a bond has a relatively low risk of default.

**Japanese Government Bond (JGB)** is issued by the government of Japan.

**Magnificent 7** is a name for the group of the 7 largest stocks in the S&P 500.

**Mega large cap** refers to companies with largest market captialization.

The **MSCI AC World Communication Services Index** captures large- and mid-cap securities across 23 developed- and 26 emerging-markets classified in the Communications Services sector.

The **MSCI AC World Consumer Discretionary Index** captures large- and mid-cap securities across 23 developed- and 26 emerging-markets classified in the Consumer Discretionary sector.

The **MSCI AC World Consumer Staples Index** captures large- and mid-cap securities across 23 developed- and 26 emerging-markets classified in the Consumer Staples sector.

The **MSCI AC World Energy Index** captures large- and mid-cap securities across 23 developed-markets classified in the Energy sector.

The **MSCI AC World Financials Index** captures large- and mid-cap securities across 23 developed- and 26 emerging-markets classified in the Financials sector.

The **MSCI AC World Health Care Index** captures large- and mid-cap securities across 23 developed- and 26 emerging-markets classified in the Health Care sector.

The **MSCI AC World Index** captures large- and mid-cap companies across 23 developed- and 24 emerging-market countries.

The **MSCI AC World Industrials Index** captures large- and mid-cap securities across 23 developed- and 26 emerging-markets classified in the Industrials sector.

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The [MSCI AC World Information Technology Index](#) captures large- and mid-cap securities across 23 developed- and 26 emerging-markets classified in the Information Technology sector.

The [MSCI AC World Materials Index](#) captures large- and mid-cap securities across 23 developed- and 26 emerging-markets classified in the Materials sector.

The [MSCI AC World Utilities Index](#) captures large- and mid-cap securities across 23 developed- and 26 emerging-markets classified in the Utilities sector.

The [MSCI AC Asia ex Japan Index](#) captures large- and mid-cap representation across 2 of 3 developed-market countries (excluding Japan) and 8 emerging-market countries in Asia.

The [MSCI Emerging Markets Index](#) captures large- and mid-cap representation across 23 emerging-market countries.

The [MSCI Japan Index](#) is designed to measure the performance of the large- and mid-cap segments of the Japanese market.

The [MSCI World Index](#) tracks the performance of mid- and large-cap stocks in 23 developed countries around the world.

The [Nasdaq-100](#) is an equity index which contains the 100 biggest common stocks listed on the Nasdaq Stock Market.

The [Organization of the Petroleum Exporting Countries \(OPEC\)](#) is an international organization with the mandate to "coordinate and unify the petroleum policies" of its meanwhile 12 members.

A [recession](#) is, technically, when an economy contracts for two successive quarters but is often used in a looser way to indicate declining output.

[Risk-adjusted](#) implies that the risk involved is taken into consideration. For example, risk-adjusted return is how much return your investment has made relative to the amount of risk the investment has taken.

The [risk premium](#) is the expected return on an investment minus the return that would be earned on a risk-free investment.

The [Russell 2000 Index](#) is an index that captures the 2,000 smallest stocks of the Russell-3000 index, which again comprises 3,000 small- and mid-cap U.S. listed stocks.

[Sovereign bonds](#) are bonds issued by governments.

The [S&P 500](#) is an index that includes 500 leading U.S. companies capturing approximately 80% coverage of available U.S. market capitalization.

The [spread](#) is the difference between the quoted rates of return on two different investments, usually of different credit quality.

The [Stoxx Europe 600](#) is an index representing the performance of 600 listed companies across 18 European countries.

The [Stoxx Europe Small 200](#) is an index representing the performance of 200 small capitalization companies across 17 European countries.

The [Swiss Market Index \(SMI\)](#) is Switzerland's most important equity index, consisting of the 20 largest and most liquid large- and mid-cap stocks.

[USD/JPY](#) is the abbreviation used in forex trading to denote the currency exchange rate for the U.S. dollar and Japanese yen.

[Value stocks](#) are stocks from companies that are trading at prices close to their book value and that are therefore cheaper than the market average on that metric.

A [yield curve](#) shows the annualized yields of fixed-income securities across different contract periods as a curve. When it is inverted, bonds with longer maturities have lower yields than those with shorter maturities.

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