



# Weekly Brief

**BLACKSUMMIT  
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## Market Action

- The U.S. stock market delivered its fifth consecutive week of gains and entered into positive territory for the first time in 2016. Thanks to the Fed's diminished expectations for rate hikes in 2016 equities took off, welcoming the dovish sentiment.

- Oil also posted its fifth straight week of gains and is near 2016 highs. The fall of the dollar after Janet Yellen's press conference this week and continued production declines contributed to the rise.

- Analyst expectations for Q1 2016 call for the lowest profit margins, 9.3%, since 2012 according to data from Factset. Energy is the biggest culprit for the decline. Excluding the subjugated sector would raise projected margins to 10% for the S&P 500.

- Japan's exports fell for the fifth month in a row in February according to recent data. The poor trade figures come amidst a recent strong appreciation of the Yen despite further monetary easing. The inability to generate export growth spells trouble for Abenomics.

- Chinese Premier Li Keqiang offered an optimistic take on the economy following the country's national meetings. While acknowledging current troubles the Premier said it was impossible for China to miss its growth targets, recently placed at 6.5%-7%.

- The high-yield market has calmed down in recent weeks, coinciding with the market's rally. Credit spreads on junk debt, including the troubled materials and energy sectors, have tightened significantly, giving firms easier access to credit.

- Morgan Stanley made news this week with a bullish bet on U.S. benchmark bonds. The bank issued a forecast yield of 1.45% for 10-year government bonds amidst a weak outlook for inflation.

- Flows into gold and gold funds have climbed for 10 straight weeks, marking one of the most bullish moments for the precious metal in recent periods.

<u>Equities</u>	Current	Weekly	Monthly	Year to Date
<u>U.S.</u>				
Dow Jones	17,602.30	2.26%	7.24%	1.02%
S&P 500	2,049.58	1.35%	6.87%	0.28%
Nasdaq	4,795.65	0.99%	6.87%	-4.23%
<u>Europe</u>				
FTSE	6,189.64	0.81%	3.65%	-0.84%
DAX	9,950.80	1.22%	3.65%	-7.37%
<u>Asia</u>				
Nikkei	16,724.81	-1.26%	3.26%	-12.13%
Shanghai	2,955.15	5.15%	3.22%	-16.50%
<u>Currencies</u>				
EUR/\$	€ 1.13	€ 0.01	€ 0.02	€ 0.01
\$/Yen	¥ 111.40	-¥ 2.12	-¥ 2.22	-¥ 2.12
UK/\$	£ 1.45	-£ 0.01	£ 0.01	£ 0.01
<u>Bonds</u>				
10 Yr Treasury Yield	1.88	-0.105	0.136	-0.105
Moody's A	4.2	-0.040	-0.030	-0.040
<u>Commodities</u>				
WTI	\$ 40.20	\$ 1.70	\$ 9.43	\$ 1.70
Brent	\$ 42.18	\$ 1.09	\$ 7.90	\$ 1.09
Gold	\$ 1,265.00	\$ 5.60	\$ 38.70	\$ 204.80

<u>Returns (%)</u>			
Sector	1 Week	1 Month	YTD
Materials	2.42%	10.13%	4.23%
Telecommunications	0.84%	4.65%	13.32%
Consumer Staples	0.80%	3.87%	4.17%
Consumer Discretionary	1.49%	7.95%	-0.04%
Energy	2.48%	10.53%	5.56%
Financial Services	1.49%	8.77%	-4.61%
Healthcare	-2.04%	1.67%	-7.05%
Industrials	1.22%	6.47%	0.68%
Technology	2.33%	8.26%	0.36%
Utilities	1.73%	5.08%	12.38%

**Economic Calendar: March 21 -25**

Date	Release	For	Est
03/21	Existing Home Sales	Feb	5.3 Mln
03/22	Markit PMI	Mar	52
03/23	New Home Sales	Feb	510,000
03/24	Durable Goods	Feb	-2.5%
03/24	Initial Jobless Claims	Feb	268,000
03/25	GDP	Q4	1.1%

**This Week From Blacksummit**

[Financial Conditions and Helicopter Money: Generational Public Ethos and Norms Greet Mr. Market](#)

John E. Charalambakis

**Recommended Reads**

[Learning to Love Stagnation](#)

Zachary Karabell, Foreign Affairs

[Can China Avoid the Middle Income Trap?](#)

Damien Ma, Foreign Policy

[Where Computers Defeat Humans, and Where They Can't](#)

Andrew McAfee and Erik Brynjolfsson, NY Times

**Image of the Week: The Market's Biggest Buyer: Corporate America**

