



Weekly Brief

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Market Action

- Equities posted their third consecutive week of losses in the U.S. amid mixed data from corporate earnings and economic variables. The retail sector was in heavy focus as several major firms posted weak quarters while retail sales data on Friday was the strongest in over a year. The savings from low energy prices are having, at best, a foggy impact on consumers.

- Japan's Nikkei rose almost 2% this week after multiple aggressive easing statements from officials. Central Bank Governor Kuroda and Finance Minister Aso released strongly worded declarations that the nation would fight an excessive rise in the Yen and would not shy away from more easing.

- Brazil's Senate voted to begin an impeachment trial against Dilma Rousseff that could last up to six months. The country will see its Vice President, Michael Temer, take charge of the country. Temer is committing to clean up the nation's fiscal woes.

- Legislation to address Puerto Rico's debt burden will be coming within the next few days according to House Speak Ryan. The island missed a payment earlier this month and has a \$1 billion payment due in early July.

- A wildfire has ravaged Alberta, Canada, forcing tens of thousands from their homes. The fire has also knocked out approximately 33% of the country's oil output. Analysts believe that if production can restart soon the impact on market prices will be minimal.

- Saudi Arabia provided a surprise on Monday morning, replacing its oil minister and replacing him with the head of the state energy giant Aramco. Speculation is that the prior minister was softening on pressure from other OPEC members to cut production and lift crude prices, a strategy the Kingdom's leadership doesn't want to implement.

- With 91% of firms in the S&P 500 reporting Q1 earnings have come in above expectations and recent historical averages. The story for sales is another matter however, as only 53% of firms are beating their sales estimates, below the five-year average of 56%

<u>Equities</u>	Current	Weekly	Monthly	Year to Date
<u>U.S.</u>				
Dow Jones	17,535.32	-1.16%	-2.08%	0.63%
S&P 500	2,046.61	-0.51%	-1.72%	0.13%
Nasdaq	4,717.68	-0.39%	-4.64%	-5.79%
<u>Europe</u>				
FTSE	6,138.50	0.21%	-3.53%	-1.66%
DAX	9,952.90	0.84%	-3.53%	-7.35%
<u>Asia</u>				
Nikkei	16,412.21	1.90%	0.19%	-13.77%
Shanghai	2,827.11	-2.96%	-7.81%	-20.12%
<u>Currencies</u>				
EUR/\$	€ 1.13	€ (0.01)	€ 0.00	€ (0.01)
\$/Yen	¥ 109.10	¥ 2.44	¥ 0.18	¥ 2.44
UK/\$	£ 1.43	£ 0.01	£ 0.01	-£ 0.01
<u>Bonds</u>				
10 Yr Treasury Yield	1.70	-0.075	-0.064	-0.075
Moody's A	3.92	-0.010	-0.040	-0.010
<u>Commodities</u>				
WTI	\$ 46.36	\$ 1.70	\$ 4.60	\$ 1.70
Brent	\$ 49.21	\$ 1.82	\$ 5.03	\$ 1.82
Gold	\$ 1,274.30	\$(19.70)	\$ 26.00	\$ 214.10

<u>Returns (%)</u>			
Sector	1 Week	1 Month	YTD
Materials	-0.57%	-0.22%	5.26%
Telecommunications	-0.03%	0.24%	11.46%
Consumer Staples	0.00%	0.37%	5.11%
Consumer Discretionary	-1.40%	-1.44%	-0.11%
Energy	-0.50%	1.22%	8.19%
Financial Services	-1.09%	-0.38%	-4.29%
Healthcare	-0.10%	-1.29%	-4.15%
Industrials	-0.39%	-1.99%	0.60%
Technology	-0.04%	-6.03%	-3.36%
Utilities	0.87%	1.11%	13.57%

Economic Calendar: May 16 – May 20

Date	Release	For	Est
05/17	CPI Y/Y	Apr	0.4%
05/17	Capacity Utilization	Apr	75.3%
05/17	Industrial Production	Apr	0.3%
05/19	Initial Jobless Claims	05/13	270,000
05/19	Philly Fed Index	May	1.6
05/20	Existing Home Sales	Apr	5.38 Mln

This Week From Blacksummit

[The Geopolitics of Market Volatility: Spillover Effects and Macro Fundamentals](#)

John Charalambakis

[What Happened Last Week](#)

Jack Willoughby (quoting Blacksummit)

Recommended Reads

[Hedging on the Case Against Hedge Funds](#)

Clifford Asness, Bloomberg View

[5 Powerful Forces Driving Inequality](#)

Branko Milanovic, Bloomberg View

[Rescaling China's Debt Mountain](#)

Barry Eichengreen, Project Syndicate

Image of the Week : The Risk Premium of European Banks

Source: Bloomberg

