



# Weekly Brief

## Market Action

- Central banks around the world stood pat and let Brexit take center stage in market commentary this week. The Fed, BOJ, and Bank of England all kept interest rates unchanged but bonds continued to rally over the uncertainty of next week's referendum in Britain.

- Bond yields around the world broke new threshold levels with Germany's 10 year yield and Swiss 30 year bonds going negative. UK yields also set new lows as haven assets were in high demand this week.

- Chinese A shares have been excluded from MSCI's Emerging Markets Index for the third consecutive year. The agency cited continued concerns about the openness of capital movements in China and regulatory consistency as reasons for excluding China. Inclusion of the shares would have forced money managers to direct billions of dollars towards the shares.

- Gold topped \$1,300 an ounce this week, the highest level in two years. The dollar's weakness, thanks to a prolonged view of lower interest rates for longer, and market volatility are keeping the metal elevated.

- A surprise increase in crude inventories pushed oil prices down more than 3% mid-week. Forecasts had estimated that inventories would fall. Concurrently, both the oil and gas rig count have risen for consecutive weeks.

- The European Stability Mechanism approved the dispersal of €7.5 billion in new loans to Greece as part of its bailout agreements. Greece has agreed to new austerity measures in recent weeks including the privatization of its airport and a mechanism to move bad loans from banks.

- India's central bank governor Raghuram Rajan announced that he will step down at the end of his term in September and return to academia. In his three years as the leader of the central bank he has been credited with stabilizing inflation and the rupee while bolstering growth and improving the health of the country's banking sector.

<u>Equities</u>	Current	Weekly	Monthly	Year to Date
<u>U.S.</u>				
Dow Jones	17,675.16	-1.06%	0.83%	1.44%
S&P 500	2,071.22	-1.19%	1.17%	1.33%
Nasdaq	4,800.34	-1.92%	1.79%	-4.14%
<u>Europe</u>				
FTSE	6,021.09	-1.55%	-2.38%	-3.54%
DAX	9,631.36	-2.07%	-2.38%	-10.35%
<u>Asia</u>				
Nikkei	15,599.66	-6.03%	-6.32%	-18.04%
Shanghai	2,885.11	-1.44%	1.46%	-18.48%
<u>Currencies</u>				
EUR/\$	€ 1.12	€ (0.00)	€ (0.01)	€ (0.00)
\$/Yen	¥ 104.29	¥ 2.62	¥ 4.67	¥ 2.62
UK/\$	£ 1.43	£ 0.00	-£ 0.02	-£ 0.00
<u>Bonds</u>				
10 Yr Treasury Yield	1.61	-0.031	-0.159	-0.031
Moody's A	3.74	-0.040	-0.160	-0.040
<u>Commodities</u>				
WTI	\$ 48.26	\$ (0.81)	\$ (0.05)	\$ (0.81)
Brent	\$ 50.94	\$ (1.03)	\$ 0.06	\$ (1.03)
Gold	\$ 1,301.70	\$ 25.80	\$ 24.80	\$ 241.50

<u>Returns (%)</u>			
Sector	1 Week	1 Month	YTD
Materials	-0.83%	1.78%	8.44%
Telecommunications	1.39%	4.45%	16.23%
Consumer Staples	-0.74%	2.12%	5.86%
Consumer Discretionary	-0.40%	0.45%	-0.24%
Energy	-0.07%	1.39%	11.68%
Financial Services	-1.93%	-0.69%	-5.09%
Healthcare	-2.08%	1.12%	-2.81%
Industrials	-1.07%	1.45%	2.17%
Technology	-1.95%	1.69%	-1.42%
Utilities	0.67%	4.40%	16.73%

**Economic Calendar: June 20 – June 24**

Date	Release	For	Est
06/22	Existing Home Sales	May	5.55 Mln
06/23	Initial Jobless Claims	06/17	270,000
06/23	Markit PMI	Jun	50.6
06/23	Leading Indicators M/M	May	0.2%
06/23	New Home Sales	May	560,000
06/24	Durable Goods Orders	May	-0.8%
06/24	Consumer Sentiment	Jun	94.1

**This Week From Blacksummit**

[Negative Rates and their Effects on the Equities and Bond Markets: Bifurcation Meets Bewilderment in Historical Perspective](#)

John E. Charalambakis

**Recommended Reads**

[Financial Scarcity Amid Plenty](#)

Barry Eichengreen, Project Syndicate

[Rethinking Robin Hood](#)

Angus Deaton, Project Syndicate

[PIMCO Suffers at Hands of Indexing](#)

Lisa Abramowicz, BloombergGadfly

**Image of the Week: Switzerland Goes Negative Out to 30 Years**

