



Weekly Brief

BLACKSUMMIT
FINANCIAL GROUP

www.blacksummitfg.com

@blacksummitfg

27 August 2016

Market Action

- Stocks fell for the second consecutive week although markets remain quiet overall. Treasuries have been in their tightest trading range in years, the VIX sits far below its long-term average of 20 and equities haven't moved more than 1% since early July.

- Eyes and ears were focused on Chairwoman Yellen's speech at Jackson Hole for clues on when the next rate hike would take place. Her comments sent equities falling, citing a stronger case for a rate hike given recent data. Looking further into the future, Ms. Yellen left a wide range for interest rates going forward citing the tendency for shocks to shift the interest rate outlook.

- More new homes were sold in July than at any other point in almost a decade according to the latest figures from the Census Bureau. Housing has been one of the few bright spots for the economy over the last few years.

- In China, officials are concerned housing is growing too quickly and are crafting measures to temper the sector's rise. Among tools being discussed are minimum down payments of 50% and further fines for real estate agencies and financial institutions for not sharing credit information.

- Japan's Government Pension Fund lost over \$50 billion in the second quarter this year as the fall in the Nikkei and the strength of the Yen weighed down on results. South Korea's rising won is encouraging its state pension fund to snap up real estate overseas. Pension funds have been in the news for using new and innovative measures, including selling options, to generate income in the face of low yields.

- Oil slipped further this week as reports that Iraq is planning to increase output outweighed rumors of production cuts by OPEC and even Iran.

<u>Equities</u>	Current	Weekly	Monthly	YTD
<u>U.S.</u>				
Dow Jones	18,395.40	-0.85%	-0.42%	5.57%
S&P 500	2,169.04	-0.68%	0.11%	6.12%
Nasdaq	5,218.92	-0.37%	1.54%	4.22%
<u>Europe</u>				
FTSE	6,838.05	-0.30%	1.30%	9.54%
DAX	10,587.77	0.41%	2.60%	-1.45%
<u>Asia</u>				
Nikkei	16,360.71	-1.12%	-1.82%	-14.04%
Shanghai	3,070.31	-1.22%	2.62%	-13.25%
<u>Currencies</u>				
EUR/\$	1.120	-1.12%	1.27%	3.09%
\$/Yen	101.840	1.62%	-3.38%	-15.29%
UK/\$	1.314	0.47%	-0.65%	-10.85%
<u>Bonds</u>				
10 Year	1.63	0.051	0.132	-0.640
Moodys AA	3.39	-0.040	0.000	-0.830
<u>Commodities</u>				
WTI	\$47.64	-1.81%	13.65%	28.62%
Brent	\$49.92	-1.89%	14.84%	33.91%
Gold	\$1,325.90	-1.51%	-0.64%	24.54%

Returns			
Sector	1 Week	1 Month	YTD
Telecommunications	-0.69%	-5.44%	16.77%
Materials	-0.56%	-0.66%	28.03%
Energy	-1.34%	2.36%	27.70%
Consumer Staples	-1.16%	0.07%	10.66%
Consumer Discretionary	-0.69%	-0.60%	12.67%
Financials	0.36%	1.71%	12.35%
Healthcare	-1.80%	-2.88%	9.10%
Industrials	-0.69%	0.37%	19.30%
Technology	0.04%	2.42%	19.45%
Utilities	-2.27%	-5.25%	10.90%

Recommended Reads

[There's No Yield and Citi Isn't Going to Take It Anymore](#)

Alexandra Scaggs, FT Alphaville

[Years of Fed Missteps Fueled Disillusion With the Economy and Washington](#)

Jon Hilsenrath, Wall St Journal

[Are Index Funds Eating the World?](#)

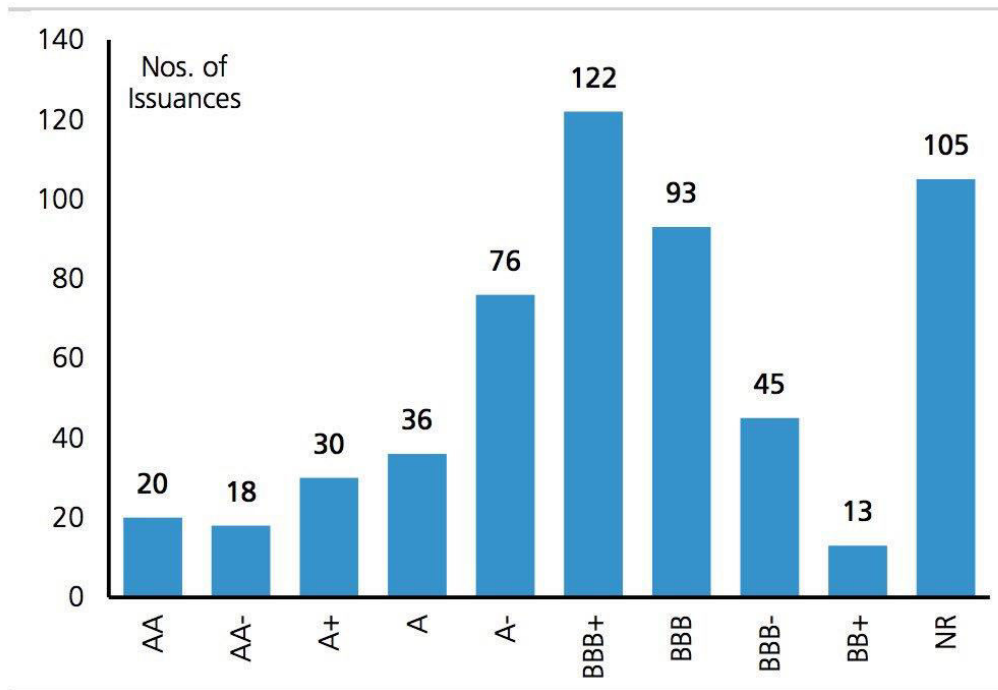
Jason Zweig, Wall St Journal

[When 2% Is Not Enough](#)

The Economist

Image of the Week: ECB Bond Purchases By Credit Rating

Figure 9: Number of bonds purchased by ratings



Source: UBS Research, ECB