



# Weekly Brief

**BLACKSUMMIT**  
**FINANCIAL GROUP**

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## Market Action

- The U.S. economy added 151,000 jobs in July, below expectations, and wage gains were modest. In light of recent chatter by Fed officials on the timing of rate hikes the report suggests a September increase is unlikely, lifting stocks.

- British manufacturing seems to be responding to the fall in the Pound. August's manufacturing Purchasing Managers Index came in sharply above expectations and demonstrated growth for the sector in light of June's Brexit vote.

- August investment-grade corporate bond sales set a record in Europe with over €12 billion being issued. In the U.S., nearly \$1 trillion in corporate debt has been issued in light of the low rate environment and flows of foreign capital searching for anything with yield.

- Treasuries had one of their worst months in the past year, albeit from relatively extreme levels. Thanks to higher rates over the past week Financials led all sectors, rising nearly 2%.

- The trade-agreement between the U.S. and EU seems to be on its last legs as France's Trade Minister will seek to formally end negotiations this month due to lack of political support. Populism on both sides of the ocean has made support for a deal fleeting and negotiations difficult.

<u>Equities</u>	Current	Weekly	Monthly	YTD
<u>U.S.</u>				
Dow Jones	18,491.96	0.52%	-0.28%	6.12%
S&P 500	2,179.98	0.50%	-0.13%	6.66%
Nasdaq	5,249.90	0.59%	0.55%	4.84%
<u>Europe</u>				
FTSE	6,894.60	0.83%	1.49%	10.45%
DAX	10,683.82	0.91%	3.05%	-0.55%
<u>Asia</u>				
Nikkei	16,925.68	3.45%	4.13%	-11.08%
Shanghai	3,067.35	-0.10%	3.05%	-13.33%
<u>Currencies</u>				
EUR/\$	1.116	-0.38%	0.63%	2.71%
\$/Yen	103.920	2.04%	2.06%	-13.56%
UK/\$	1.329	1.20%	1.69%	-9.79%
<u>Bonds</u>				
10 Year	1.60	-0.027	0.060	-0.667
Moodys AA	3.37	-0.060	-0.130	-0.850
<u>Commodities</u>				
WTI	\$44.44	-6.72%	6.32%	19.98%
Brent	\$46.83	-6.19%	5.78%	25.62%
Gold	\$1,326.70	0.06%	-2.78%	24.62%

<b>Returns</b>			
Sector	1 Week	1 Month	YTD
Telecommunications	0.94%	-3.65%	12.47%
Materials	0.95%	1.50%	28.73%
Energy	-0.56%	1.98%	23.02%
Consumer Staples	0.89%	0.55%	10.89%
Consumer Discretionary	-0.18%	-0.01%	9.82%
Financials	1.96%	3.82%	15.74%
Healthcare	-0.57%	-3.60%	7.06%
Industrials	0.35%	1.60%	19.13%
Technology	0.63%	2.63%	17.85%
Utilities	0.87%	-4.21%	12.67%

## This Week From Blacksummit

### [Financial Stress, Valuations, and Realignment Risks: Is Uncertainty Looming?](#)

John Charalambakis

## Recommended Reads

### [The G20 Is Likely To Disappoint](#)

George Magnus, Prospect Magazine

### [Does It Matter if China Cleans Up Its Banks?](#)

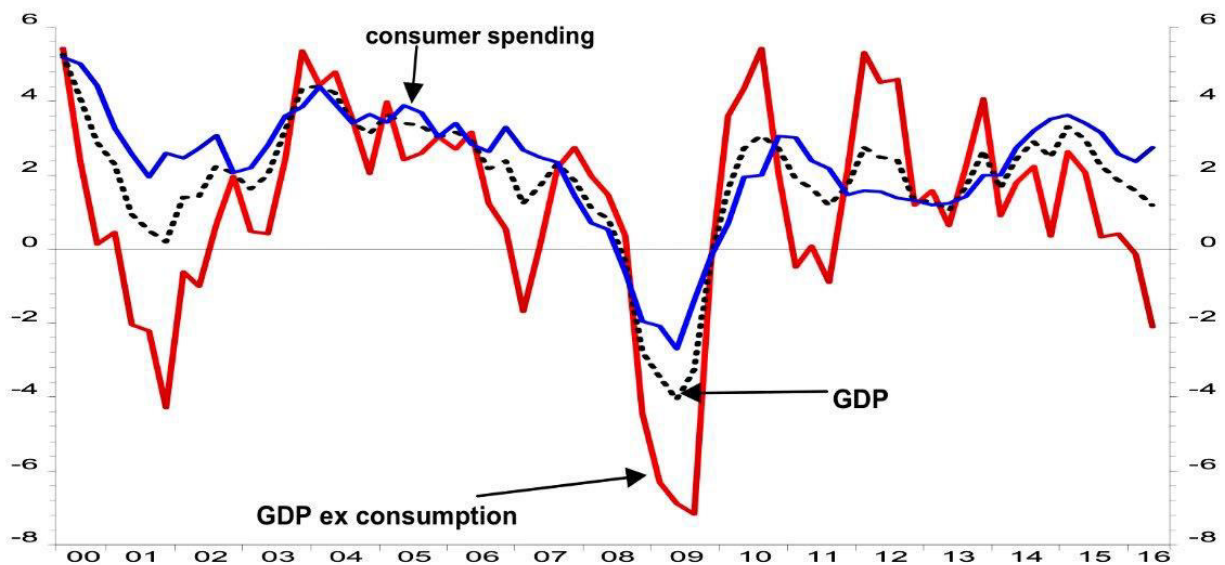
Michael Pettis, FT Alphaville

### [Monetary Policy: It's Mostly Fiscal](#)

Matthew Klein, FT Alphaville

## Image of the Week: The Economy's Dependency on the Consumer

### Consumer spending is the only thing keeping the US out of recession (yoy %)



Source: Datastream