



# Weekly Brief

**BLACKSUMMIT  
FINANCIAL GROUP**

www.blacksummitfg.com

@blacksummitfg

19 February 2017

## Market Action

- Another week and another set of new highs for major U.S. indices. The growth in stocks this week has pushed equities to their richest valuation (on a forward looking basis) since 2004.

- French bonds have been trading at double last year's volume over the past month. The country's Presidential race has sparked uncertainty at every turn and pushed investors towards the country's safe assets.

- The Consumer Price Index rose by 2.5% over last year according to data released by the Labor Department this week. The gain is the largest in almost five years. The higher prices were driven mostly by higher gas prices compared to a year ago.

- Prices in China also rose per the most recent data release. Consumer prices rose by almost 2.5% while Producer price increases rose by almost 7%, an almost six-year high.

- Janet Yellen stated that every meeting this year was "live" for a rate increase. In a testimony to Congress the Fed Chair continued to affirm the bank's belief that the economy is on a healthy trajectory.

- Gold rose again this week and has increased by more than 7% so far this year. With inflationary expectations rising, investors have dumped bonds and turned to gold instead.

- Japan's economy grew at an annual pace of 1% in Q4 thanks to an increase in exports and business investment.

<u>Equities</u>	Current	Weekly	Monthly	YTD
<u>U.S.</u>				
Dow Jones	20,624.05	1.75%	4.14%	4.36%
S&P 500	2,351.16	1.51%	3.49%	5.02%
Nasdaq	5,838.58	1.82%	5.09%	8.46%
<u>Europe</u>				
FTSE	7,299.96	0.57%	0.72%	2.20%
DAX	11,757.02	0.77%	1.36%	2.40%
<u>Asia</u>				
Nikkei	19,234.62	-0.74%	1.80%	0.63%
Shanghai	3,202.08	0.17%	2.86%	3.17%
<u>Currencies</u>				
EUR/\$	1.062	-0.25%	-0.13%	0.94%
\$/Yen	112.840	-0.34%	-1.58%	-3.52%
UK/\$	1.241	-0.63%	1.23%	0.58%
<u>Bonds</u>				
10 Year	2.41	0.007	-0.015	-0.030
Moodys AA	4.03	0.030	0.080	0.000
<u>Commodities</u>				
WTI	\$53.40	-0.85%	4.54%	-0.60%
Brent	\$55.81	-1.57%	3.51%	-1.78%
Gold	\$1,239.10	0.26%	1.98%	7.35%

<u>Returns</u>			
Sector	1 Week	1 Month	YTD
Telecommunications	0.24%	-1.94%	-4.51%
Materials	0.25%	2.48%	5.13%
Energy	-2.08%	-4.60%	-5.63%
Consumer Staples	1.70%	3.95%	5.12%
Consumer Discretionary	1.04%	3.06%	6.37%
Financials	2.95%	5.47%	4.98%
Healthcare	2.53%	4.39%	6.73%
Industrials	1.72%	3.99%	5.14%
Technology	1.80%	5.72%	9.10%
Utilities	0.30%	0.77%	1.56%

## This Week from Blacksummit

### [The Enigma of a Divergence: The Uncertainty Index vs. the Volatility Index](#)

John E. Charalambakis

### Recommended Reads

#### [The Evolution of Buffett's Investment Approach](#)

Josh Brown

#### [Is Bubble Risk Elevated for US Stocks?](#)

The Capital Spectator

#### [Three Signs of Excess in Today's Market](#)

Pension Partners

### Image of the Week: Bullish Sentiment Has Almost Never Been Higher

