Weekly Brief

BLACKSUMMIT FINANCIAL GROUP

www.blacksummitfg.com @blacksummitfg

5 February 2017

Market Action

- Markets ended the week strong in the U.S. but just missed posting gains across all three major averages. Earnings so far for corporations have come in strong with 65% of firms beating mean estimates.

- The U.S. jobs report showed a stronger labor market than expected as 227,000 jobs were created last month versus an expectation of 175,000. The unemployment rate ticked up slightly to 4.8% due to increases in labor force participation.

- Activity in China's manufacturing sector picked back up in December, continuing the recent trend. PMI levels continue to show expansion for the sector.

- Economic growth in the Eurozone exceeded expectations, rising 1.7% in 2016. The jobless rate fell to 9.6%, the lowest since the Financial Crisis. Inflation of 1.8% is near the ECB's target of being close to but slightly below 2%.

- Oil prices rose this week due to political tension between the U.S. and Iran. Michael Flynn, the current National Security Advisor, cited Iran as demonstrating belligerent behavior while President Trump prepared new unilateral sanctions in response to an alleged ballistic missile test.

- Financials rallied on Friday and ended the week up slightly on news that the President signed an executive order rolling back regulations imposed upon the sector by Dodd-Frank as well as ending the Department of Labor's fiduciary standard.

Equities	Current	Weekly	Monthly	YTD
U.S.				
Dow Jones	20,071.46	-0.11%	0.65%	1.56%
S&P 500	2,297.42	0.12%	1.17%	2.62%
Nasdaq	5,666.77	0.11%	3.46%	5.27%
Europe				
FTSE	7,188.30	0.05%	-0.02%	0.64%
DAX	11,651.49	-1.38%	0.58%	1.48%
Asia				
Nikkei	18,918.20	-2.82%	-3.45%	-1.03%
Shanghai	3,140.17	-0.60%	-0.59%	1.18%
Currencies				
EUR/$	1.078	0.79%	2.80%	2.53%
$/Yen	112.610	-2.16%	-3.96%	-3.72%
UK/$	1.248	-0.57%	1.31%	1.17%
Bonds				
10 Year	2.46	-0.020	0.026	0.020
Moodys AA	4.06	0.050	0.050	0.030
Commodities				
WTI	$53.83	1.24%	1.07%	0.20%
Brent	$56.81	2.32%	0.62%	-0.02%
Gold	$1,220.80	2.49%	4.51%	5.76%

Returns			
Sector	1 Week	1 Month	YTD
Telecommunications	-1.90%	-6.51%	-5.02%
Materials	-1.46%	2.66%	4.82%
Energy	-1.17%	-3.80%	-2.97%
Consumer Staples	1.16%	1.85%	2.21%
Consumer Discretionary	-0.72%	1.82%	3.81%
Financials	0.18%	-0.13%	1.71%
Healthcare	2.44%	1.48%	3.62%
Industrials	-1.33%	0.53%	1.74%
Technology	0.02%	4.56%	5.87%
Utilities	0.97%	0.50%	0.53%

This Week from Blacksummit

Worldviews, Solipsism, and Chissiaran: A Random Walk Down the Boulevard of Invincibility
John E. Charalambakis

Recommended Reads

The Transience of Economic Moats
Todd Wenning

Is the Deflation Cycle Over?
Carmen Reinhart

An Unstable Economic Order?
Mohamed El-Erian

Image of the Week: The Western Valuation Gap