



Weekly Brief

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Market Action

- The Federal Reserve proceeded with another rate hike this week, just as markets expected. Chair Janet Yellen cited confidence in the progression of the economy's fundamentals as the reason for the rate hike while affirming the expectation for two additional hikes in 2017.
- The IEA stated that crude markets are still raft with oversupply even though compliance within OPEC on recent cuts is approximately 98%. Oil prices have reached correction territory, falling by more than 10% from recent highs.
- Iceland has finally removed the capital controls instituted in 2008, at the peak of the financial crisis. The country grew by over 7% last year thanks to a boom in tourism that is expected to continue this year.
- The global mood on free trade and open borders remains sour at the G20. Finance ministers failed to agree on a joint statement that avowed to avoid protectionism, increasing fear regarding President Trump's resoluteness on "America First" trade policy.
- Consumer sentiment in the U.S. remains high and surpassing expectations. While the data point helps buoy the market it has not translated into fundamental changes in consumer behavior as spending remains on the same pace and savings increased in January.
- Gold posted strong gains this week as the dollar remained largely flat despite the rate increase. Inflationary pressures are helping to elevate gold and the greenback stayed muted largely due to some dovish comments from Janet Yellen during the press conference according to some market commentators.

<u>Equities</u>	Current	Weekly	Monthly	YTD
<u>U.S.</u>				
Dow Jones	20,914.62	0.06%	1.47%	5.83%
S&P 500	2,378.25	0.24%	1.23%	6.23%
Nasdaq	5,901.00	0.67%	1.40%	9.62%
<u>Europe</u>				
FTSE	7,424.96	1.12%	1.68%	3.95%
DAX	12,095.24	1.10%	2.55%	5.35%
<u>Asia</u>				
Nikkei	19,521.59	-0.42%	0.43%	2.13%
Shanghai	3,237.45	0.77%	0.76%	4.31%
<u>Currencies</u>				
EUR/\$	1.074	0.61%	1.29%	2.10%
\$/Yen	112.700	-1.82%	-1.28%	-3.64%
UK/\$	1.240	1.88%	-0.52%	0.45%
<u>Bonds</u>				
10 Year	2.50	-0.074	0.007	0.056
Moody's AA	4.11	-0.030	0.040	0.080
<u>Commodities</u>				
WTI	\$48.78	0.60%	-8.15%	-9.20%
Brent	\$51.76	0.76%	-7.16%	-8.91%
Gold	\$1,230.20	2.40%	-0.24%	6.58%

<u>Returns</u>			
Sector	1 Week	1 Month	YTD
Telecommunications	1.25%	3.56%	-2.44%
Materials	0.92%	0.04%	5.52%
Energy	0.33%	-4.04%	-7.70%
Consumer Staples	0.33%	2.09%	6.53%
Consumer Discretionary	0.87%	0.82%	7.41%
Financials	-0.94%	0.10%	5.26%
Healthcare	-0.73%	2.25%	9.16%
Industrials	0.17%	0.00%	4.94%
Technology	0.76%	3.07%	11.94%
Utilities	1.26%	4.86%	5.43%

This Week from Blacksummit

[From Convergence to Divergence: Emerging Markets in Expectation of Higher Rates](#)

John E. Charalambakis

Recommended Reads

[Seven Traits of Successful Active Managers](#)

Jim O'Shaughnessy

[How to Restore Faith in Economics](#)

Noah Smith

[What Fed's New Tightening Cycle Holds for Asia](#)

George Magnus

Image of the Week: Asian Bonds As a Flight to Safety

