



# Weekly Brief

**BLACKSUMMIT  
FINANCIAL GROUP**

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26 March 2017

## Market Action

- The stock market's streak of consecutive days without a 1% move down ended at 67 days, the longest streak on record. Politics is being blamed for the downturn as investors are reversing their "Trump trade" bets, fearing the President will not be able to push his agenda through.
- The Yen rallied for seven straight days, the longest winning streak in 6 years, as part of a flight from risky assets this week that also saw investors flock to bonds and gold. The Yen's strength comes in spite of BOJ comments that monetary stimulus will remain in place.
- Oil continues to fall ahead of an OPEC meeting this weekend that will determine whether or not cuts made in November will remain in place. Over 60% of oil producers in the U.S. are increasing their budgets for capital expenditures this year in anticipation of higher prices.
- The market's expectation of future inflation has fallen rapidly in recent weeks, coinciding with a fall in interest rates that is putting pressure on the financial sector as a whole.
- The housing market continues its rapid resurgence from the Financial Crisis as both Existing Home Sales and New Home Sales data came in very strong this week. Housing is still in short supply based on numerous measures suggesting the trend has more room to run.
- Scotland is exploring another referendum on its relationship with the United Kingdom. Nicola Sturgeon is promising a vote by the time the U.K. officially leaves the EU. But hasn't stated on how an independent Scotland would align itself with the rest of Europe.

<u>Equities</u>	Current	Weekly	Monthly	YTD
<u>U.S.</u>				
Dow Jones	20,596.72	-1.52%	-0.86%	4.22%
S&P 500	2,343.98	-1.44%	-0.80%	4.70%
Nasdaq	5,828.74	-1.22%	-0.54%	8.28%
<u>Europe</u>				
FTSE	7,336.82	-1.19%	0.47%	2.72%
DAX	12,064.27	-0.26%	0.55%	5.08%
<u>Asia</u>				
Nikkei	19,262.53	-1.33%	-0.61%	0.78%
Shanghai	3,269.45	0.99%	0.25%	5.34%
<u>Currencies</u>				
EUR/\$	1.080	0.56%	2.27%	2.67%
\$/Yen	111.340	-1.21%	-1.74%	-4.81%
UK/\$	1.247	0.62%	0.18%	1.08%
<u>Bonds</u>				
10 Year	2.41	-0.088	-0.001	-0.032
Moodys AA	4.01	-0.080	0.000	-0.020
<u>Commodities</u>				
WTI	\$47.97	-1.66%	-10.49%	-10.70%
Brent	\$50.80	-1.85%	-9.03%	-10.59%
Gold	\$1,251.70	1.50%	1.22%	8.18%

<u>Returns</u>			
Sector	1 Week	1 Month	YTD
Telecommunications	-1.91%	-0.44%	-4.30%
Materials	-1.51%	-1.79%	3.92%
Energy	-1.74%	-3.01%	-9.30%
Consumer Staples	-0.71%	-0.25%	5.77%
Consumer Discretionary	-1.01%	-0.66%	6.33%
Financials	-3.81%	-4.07%	1.25%
Healthcare	-1.30%	0.62%	7.74%
Industrials	-1.77%	-2.15%	3.08%
Technology	-0.86%	1.03%	10.97%
Utilities	1.26%	3.58%	6.77%

## This Week from Blacksummit

[Market Valuations and Reflationary Expectations: What Can we Learn from a London Art Exhibition?](#)

John E. Charalambakis

## Recommended Reads

[The Hardest Question in Portfolio Management](#)

Ben Carlson

[Time to Add "Tail Risk" Protection](#)

Meb Faber

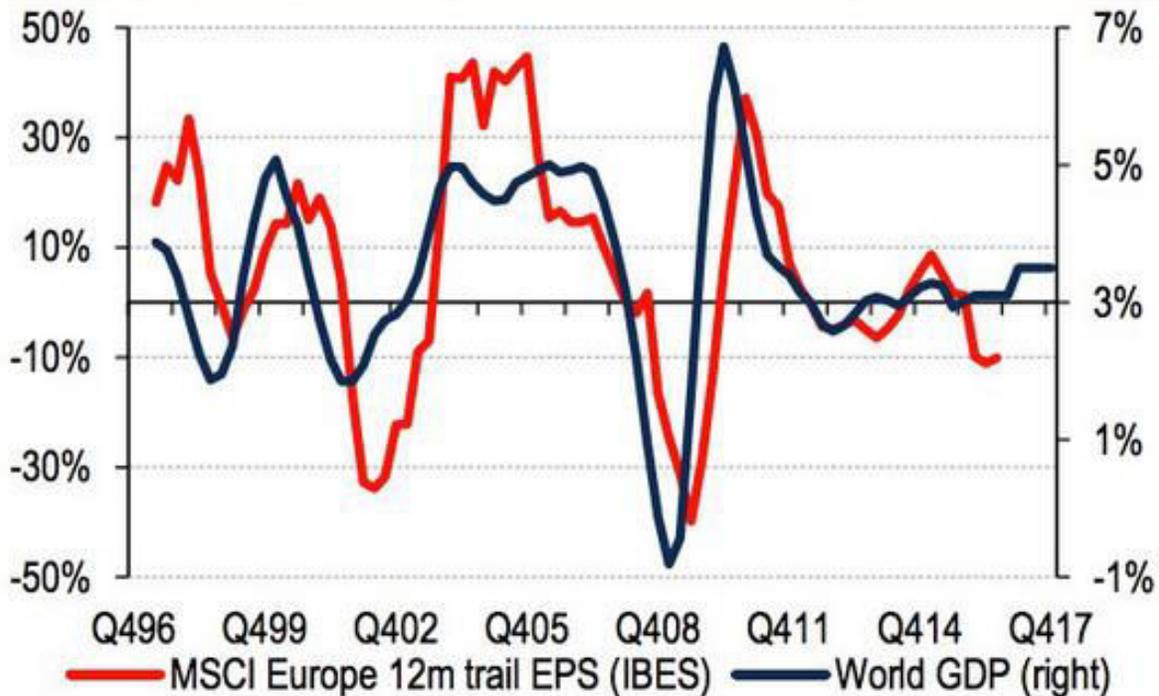
[Demographics Will Weigh Heavily on China Over Next Decade](#)

Daniel Rohr

## Image of the Week: Are European Earnings Set For An Upswing?

### Chart 1: European earnings closely correlated with global GDP

Europe trailing EPS growth vs World GDP



Source: BofA Merrill Lynch Global Research, Datastream, IBES. Note: GDP for 2017 based on BofAML forecast