



Weekly Brief

**BLACKSUMMIT
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7 May 2017

Market Action

- The April employment report came in much stronger than expectations. The unemployment rate fell to 4.4%, a post-crisis low on the heels of 211,000 jobs created in April. The report boosted the odds of a Fed rate hike in June to 80% according to market data.
- Interest rates on 10 year Chinese bonds hit their highest level in two years this week as the central bank drained liquidity from the system and tightened policy. President Xi Jinping and his administration have cited the need for prudent financial regulation to avoid a financial crisis.
- Also in China, poor service sector PMI data posted on Thursday had ripple effects on commodity prices. Iron ore reached a maximum loss limit in Chinese markets while copper and oil also have had substantial losses recently.
- Puerto Rico formally sought bankruptcy protection this week saying that it is unable to provide effective services to its people due to the debt burden. The island owes more than \$120 billion to investors. A lengthy and tense process to sort out payments and decide who takes the brunt of losses.
- In domestic policy news the U.S. Congress agreed to a budget to keep the government funded until September, avoiding a shutdown at the end of the week. Further, the House passed a health care bill to replace the Affordable Care Act with several onlookers expecting substantial changes to the bill in the Senate.

<u>Equities</u>	Current	Weekly	Monthly	YTD
<u>U.S.</u>				
Dow Jones	21,006.94	0.32%	1.74%	6.30%
S&P 500	2,399.29	0.63%	1.97%	7.17%
Nasdaq	6,100.76	0.88%	4.03%	13.33%
<u>Europe</u>				
FTSE	7,297.43	1.30%	-0.47%	2.16%
DAX	12,716.89	2.24%	4.09%	10.76%
<u>Asia</u>				
Nikkei	19,445.70	1.30%	3.10%	1.73%
Shanghai	3,103.04	-1.64%	-5.11%	-0.02%
<u>Currencies</u>				
EUR/\$	1.100	0.95%	3.14%	4.57%
\$/Yen	112.710	1.09%	1.82%	-3.63%
UK/\$	1.298	0.24%	4.00%	5.20%
<u>Bonds</u>				
10 Year	2.35	0.069	0.013	-0.096
Moodys AA	3.97	0.040	-0.020	-0.060
<u>Commodities</u>				
WTI	\$46.22	-6.30%	-9.64%	-13.96%
Brent	\$49.10	-5.08%	-9.68%	-13.59%
Gold	\$1,226.90	-3.26%	-1.73%	6.03%

Returns			
Sector	1 Week	1 Month	YTD
Telecommunications	-1.17%	-5.79%	-10.28%
Materials	0.69%	2.18%	7.47%
Energy	-0.70%	-3.80%	-10.65%
Consumer Staples	0.09%	0.99%	6.63%
Consumer Discretionary	0.11%	3.31%	10.76%
Financials	1.20%	1.43%	2.31%
Healthcare	0.61%	2.38%	10.12%
Industrials	0.90%	2.97%	6.73%
Technology	1.36%	4.33%	16.47%
Utilities	0.08%	-0.05%	6.29%

This Week from Blacksummit

[The Powerhouse of Structural Changes: Co-integration, Co-movement, and Disintegration](#)

John E. Charalambakis

Recommended Reads

[Topping the Idol of Shareholder Value](#)

Joe Nocera

[Up at Night](#)

Ben Inker

[Is It Time to Break Up Google?](#)

Jonathan Taplin

Image of the Week: A Canadian Housing Bubble

Canadian Household Debt Well above U.S. Peak CHART 2

BEA, Federal Reserve, Statistics Canada, BIS: Household Debt as % of Disposable Personal Income*, seasonally adjusted, last data point Q4 2016

