



Weekly Brief

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28 May 2017

Market Action

- Moody's lowered China's credit rating by two notches this week citing surging liabilities and weakening financial strength within the country. The move marks the first rating downgrade of China in over 25 years and was greeted harshly by the country's finance ministry.
- The ECB's latest Financial Stability Review cited contained, but still elevated levels of systemic financial stress within the currency area. The report comes in the midst of the Eurozone's best string of economic data since the crisis.
- The latest Fed minutes revealed a surprising amount of agreement on the direction of the central bank's \$4.5 Trillion bond portfolio as well as on the likelihood of another rate increase in June. The minutes pushed markets higher Thursday.
- Crude oil stabilized in the latter parts of the past week after production cuts announced by OPEC were not as aggressive as desired. U.S. shale drillers have drastically improved their economics of production and many are anticipating increased output despite lower prices moving forward.
- Slower than expected Q1 GDP growth in the U.K. combined with tense negotiations with the EU over Brexit sent volatility in the Pound higher.
- The White House released the first proposed budget from the current administration. The plan aims to cut Debt to GDP to 60% without touching Medicare or Social Security while assuming that tax cuts will raise growth to 3% in the near future. Democrats in the Senate and some Republicans dubbed the plan Dead on Arrival.

<u>Equities</u>	Current	Weekly	Monthly	YTD
<u>U.S.</u>				
Dow Jones	21,080.28	1.32%	0.50%	6.67%
S&P 500	2,415.82	1.43%	1.19%	7.91%
Nasdaq	6,210.19	2.08%	3.07%	15.36%
<u>Europe</u>				
FTSE	7,547.63	1.03%	3.55%	5.67%
DAX	12,602.18	-0.29%	1.04%	9.76%
<u>Asia</u>				
Nikkei	19,686.84	0.49%	2.06%	2.99%
Shanghai	3,110.06	0.63%	-0.98%	0.21%
<u>Currencies</u>				
EUR/\$	1.118	-0.21%	2.56%	6.33%
\$/Yen	111.330	0.06%	0.24%	-4.81%
UK/\$	1.280	-1.78%	-0.34%	3.76%
<u>Bonds</u>				
10 Year	2.25	0.012	-0.057	-0.198
Moodys AA	3.90	0.010	-0.040	-0.130
<u>Commodities</u>				
WTI	\$49.80	-1.05%	0.36%	-7.30%
Brent	\$52.15	-2.72%	0.64%	-8.22%
Gold	\$1,271.40	1.16%	0.30%	9.61%

<u>Returns</u>			
Sector	1 Week	1 Month	YTD
Telecommunications	-0.27%	-4.98%	-11.68%
Materials	0.97%	-1.39%	6.22%
Energy	-2.14%	-3.26%	-12.08%
Consumer Staples	2.22%	2.27%	9.11%
Consumer Discretionary	1.74%	0.84%	11.44%
Financials	1.25%	-1.29%	1.25%
Healthcare	1.06%	0.82%	9.81%
Industrials	1.68%	0.70%	6.99%
Technology	2.32%	5.12%	19.66%
Utilities	2.48%	2.67%	9.20%

This Week from Blacksummit

[Financial Gravity and Paradigm Shifts: What Could Disrupt the Disruptors?](#)

John E. Charalambakis

Recommended Reads

[The Struggle Behind Oil's Ups and Downs](#)

Daniel Yergin

[Rethinking the Next China](#)

Stephen Roach

[Waiting for the Market to Crash is a A Terrible Strategy](#)

SVRN Asset Management

Image of the Week: Equity Yields Now Surpass Junk Bonds in Europe

