



Weekly Brief

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Market Action

- The Bank of Canada raised interest rates for the first time since 2010 this week from 0.5% to 0.75%. The tighter policy comes amidst upward revisions to forecasts for the country's economic growth. The move will likely slow the country's booming housing market.
- A number of data points missed the mark this week in the U.S. Inflation data released on Friday came in lower than expected, and considerably below the Fed's 2% target. While the central bank considers the reasons transitory the market's implied probabilities of another rate increase this year have fallen. Consumer Confidence levels, while still strong, also dipped below last month's levels.
- President Trump nominated Randal Quarles to the Federal Reserve Board on Tuesday. Mr. Quarles, an investment fund manager and former Treasury employee, would be in charge of regulation and bank supervision.
- While oil has rebounded off recent lows, corporate executives and maintain a dire outlook. Management at oil firms don't see prices rebounding until 2020 while Halliburton stated that they see \$2 trillion in investments being wiped out due to the persistence of low crude prices.
- Growth forecasts for the Eurozone and the United States continue to diverge. Bloomberg's latest estimates have Europe growing by 3% while estimates of the U.S. have come down from 2.9% to 2.4% in just the last few weeks.
- Banks kicked off earnings season on Friday with strong reports as firms like J.P. Morgan and Bank of America easily surpassed expected profits. Trading revenues were weaker however due to continued low volatility in markets.

<u>Equities</u>	Current	Weekly	Monthly	YTD
<u>U.S.</u>				
Dow Jones	21,637.74	1.04%	1.23%	9.49%
S&P 500	2,459.27	1.41%	0.88%	9.85%
Nasdaq	6,312.47	2.59%	1.90%	17.26%
<u>Europe</u>				
FTSE	7,378.39	0.37%	-1.28%	3.30%
DAX	12,631.72	1.96%	-1.36%	10.02%
<u>Asia</u>				
Nikkei	20,118.86	0.95%	1.18%	5.26%
Shanghai	3,222.42	0.14%	2.93%	3.83%
<u>Currencies</u>				
EUR/\$	1.147	0.61%	2.25%	9.06%
\$/Yen	112.530	-1.22%	2.69%	-3.79%
UK/\$	1.310	1.61%	2.72%	6.14%
<u>Bonds</u>				
10 Year	2.33	-0.054	0.206	-0.112
Moodys AA	3.85	-0.030	0.090	-0.180
<u>Commodities</u>				
WTI	\$46.54	5.22%	4.05%	-13.37%
Brent	\$48.91	4.71%	4.06%	-13.92%
Gold	\$1,217.30	-0.49%	-4.04%	4.95%

<u>Returns</u>			
Sector	1 Week	1 Month	YTD
Telecommunications	-1.02%	-6.88%	-15.55%
Materials	2.03%	1.58%	10.94%
Energy	2.08%	-0.46%	-13.11%
Consumer Staples	0.31%	-3.54%	6.09%
Consumer Discretionary	1.13%	-0.51%	10.76%
Financials	-0.65%	1.82%	6.82%
Healthcare	1.01%	3.07%	16.18%
Industrials	1.15%	1.63%	10.31%
Technology	3.76%	2.95%	21.43%
Utilities	0.84%	-3.15%	6.76%

This Week from Blacksummit

[Substituting for the Credit Cycle: An Optimistic Perspective](#)

John E. Charalambakis

Recommended Reads

[How to Kill a Corporate Zombie](#)

The Economist

[4 Signs of A Bubble](#)

Ben Carlson

[What's Driving the Global Expansion?](#)

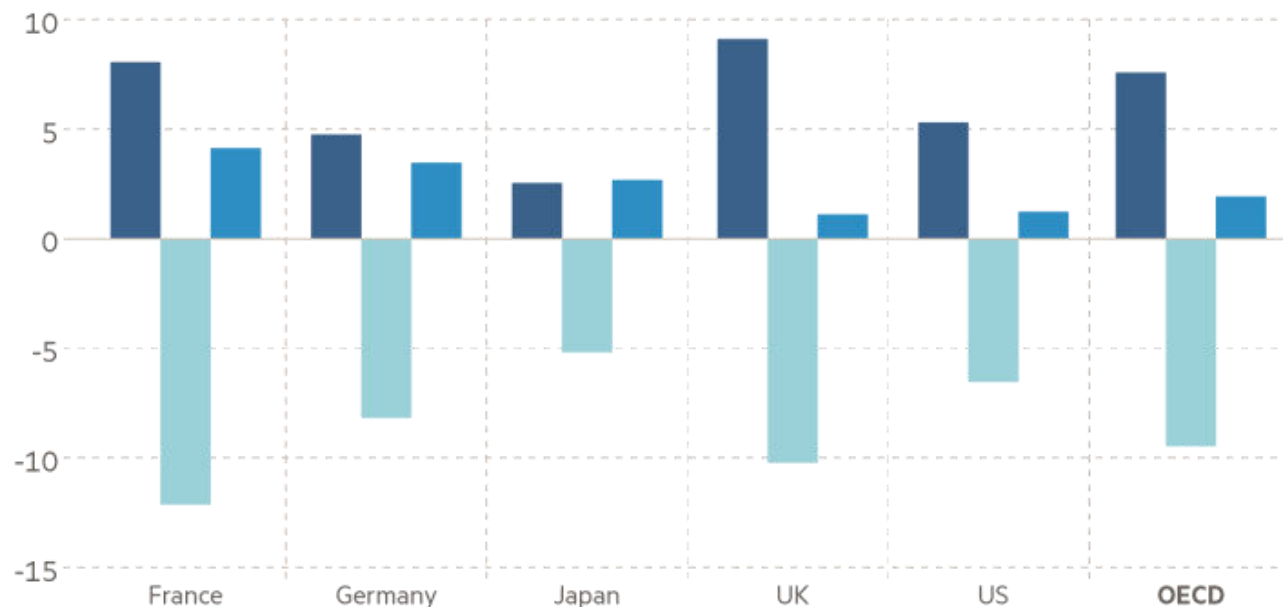
Gavyn Davies

Image of the Week: The Polarizing Skill Level of the Economy

The middle is squeezed

Change in share of total employment by skill level, 1995-2015 (% points)

■ High skill ■ Middle skill ■ Low skill



Source: OECD
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