



# Weekly Brief

**BLACKSUMMIT**  
**FINANCIAL GROUP**

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## Market Action

- US stocks recorded gains for the week, mostly due to a solid rally on Tuesday. Trading volumes were light, however, as investors showed caution in anticipation of guidance from central bankers attending the annual Jackson Hole symposium hosted by the Kansas City Federal Reserve. US stocks traded at their lowest volume of the year on Wednesday according to Dow Jones data.
- Trading in European markets was also subdued this week. Asian stocks outside of Japan rose for the week, while Japanese stocks rose on Friday yet posted their sixth straight weekly fall.
- Bitflyer, Japan's and the world's largest bitcoin exchange by volume, has announced its expansion into the US market this fall. It is launching a US-based bitcoin exchange, allowing customers to trade between bitcoins and dollars. The company says it has already obtained regulatory approval to operate in 34 states.
- The increase in Chinese initial public offerings this year has been followed by a sharp drop in the returns they deliver to investors. A benchmark by the Shenzhen Stock Exchange that measures the performance of recent IPOs hit a record low in August.
- The prices for industrial metals, including copper, aluminum, zinc and iron ore, have climbed in the past several months on expectations of faster global economic growth, along with a weaker dollar and shrinking supplies. Prices for copper hit their highest level in nearly three years Monday, and zinc reached its highest price in a decade. Aluminum climbed to three-year peaks the previous week, and iron ore has rallied 35% since the end of May. Shares of miners also have soared, with the MSCI World Metals & Mining Index up 13% during that span.
- Major US corporations have sold more than \$1 trillion of investment-grade debt this year, exceeding that threshold earlier in the year than ever before. In China, corporate defaults dropped in the first half of 2017, as did the overall leverage of non-bank companies, according to a Bloomberg article citing several sources.

<u>Equities</u>	Current	Weekly	Monthly	YTD
<u>U.S.</u>				
Dow Jones	21,814.70	0.65%	0.48%	10.38%
S&P 500	2,443.13	0.72%	-1.40%	9.13%
Nasdaq	6,265.64	0.79%	-2.45%	16.39%
<u>Europe</u>				
FTSE	7,401.46	1.06%	-0.68%	3.62%
DAX	12,167.94	0.02%	-1.11%	5.98%
<u>Asia</u>				
Nikkei	19,452.61	-0.09%	-2.98%	1.77%
Shanghai	3,331.52	1.92%	2.58%	7.34%
<u>Currencies</u>				
EUR/\$	1.192	1.37%	1.60%	13.36%
\$/Yen	109.330	0.14%	-1.66%	-6.52%
UK/\$	1.287	0.02%	-1.90%	4.32%
<u>Bonds</u>				
10 Year	2.17	-0.025	-0.118	-0.275
Moodys AA	3.71	0.010	-0.080	-0.320
<u>Commodities</u>				
WTI	\$47.83	-1.40%	-1.89%	-10.96%
Brent	\$52.34	-0.72%	2.69%	-7.88%
Gold	\$1,296.60	0.39%	3.27%	11.23%

<u>Returns</u>			
Sector	1 Week	1 Month	YTD
Telecommunications	1.99%	3.31%	-8.22%
Materials	1.28%	-2.03%	6.96%
Energy	1.03%	-4.70%	-16.10%
Consumer Staples	-0.97%	-1.47%	4.67%
Consumer Discretionary	0.39%	-3.17%	5.16%
Financials	0.75%	-1.21%	7.58%
Healthcare	1.08%	-1.68%	11.60%
Industrials	0.35%	-1.95%	5.96%
Technology	0.97%	-0.50%	19.10%
Utilities	1.02%	3.50%	11.67%

## This Week from Blacksummit

[The Ataraxia \(Tranquility\) of the Market and Its Breath: Stoic, Epicurean, or Sceptic?](#)

John Charalambakis

### Recommended Reads

[Wall Street Banks Warn Downturn Is Coming](#)

Sid Verma and Cecile Gutscher

[Are Stock Valuations Overstretched?](#)

William R. Cline

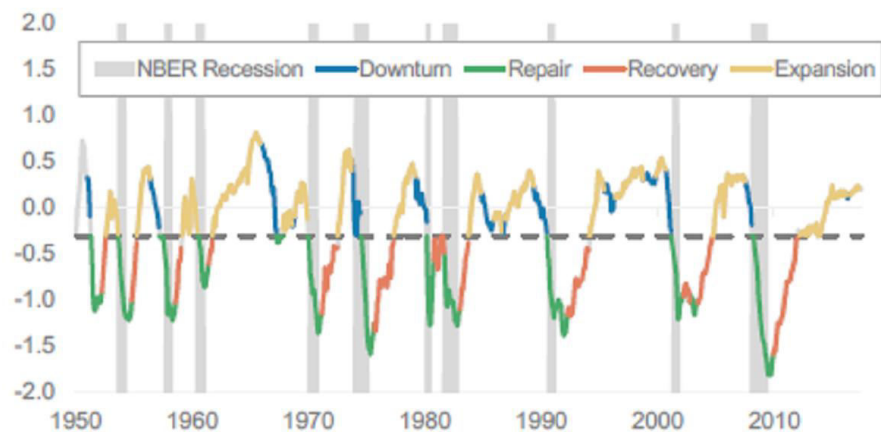
[What happened to the 'too big to fail' banks?](#)

Patrick Jenkins and Ian Bott

### Image of the Week: Banks Suggest Downturn is Coming

Three major banks---HSBC Holdings Plc, Citigroup Inc. and Morgan Stanley---see mounting evidence that global markets are in the last stage of their rallies before a downturn in the business cycle. For further reading see link above, "Wall Street Banks Warn Winter is Coming."

### Exhibit 7: Our US cycle model – late-cycle reading



Source: Bloomberg, Haver Analytics, NBER, Morgan Stanley Research