



# Weekly Brief

**BLACKSUMMIT  
FINANCIAL GROUP**

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## Market Action

- Movement regarding the U.S. budget and tax reform helped propel the S&P 500 to an unusual 8 consecutive days of new high closings. On Friday, when the U.S. Department of Labor reported a loss of 33,000 jobs in September (blamed on Hurricanes Harvey and Irma), the markets reacted rather mildly, but enough to prevent a new high closing. An increase in average hourly earnings helped moderate the reaction.
- The Philadelphia Fed State Coincident Index, came out on Monday. Values less than 50 have signaled every recession back to President Carter's administration. The number reported for August was 18, with July's value revised to 52.
- The interaction between Spain and Catalonia is being watched nervously by countries that harbor separatist factions. The potential ramifications are significant. On the other side of the globe, the North Koreans have not roiled the political stage in a while, an apparent reduction of tensions between them and the U.S.
- Crude oil prices have been falling slowly amid concern regarding global supplies, despite OPEC production caps holding better than expected. An unusual meeting between President Putin and King Salman is presumed to result in Russia following suit by restricting production. But U.S. crude oil production being at record highs could easily throw some volatility into the mix.
- China has begun to moderate its stance regarding cryptocurrencies, no longer using an "iron fist" approach, but suggesting that government-operated Bitcoin exchanges could be established. The extremely volatile nature of cryptocurrencies make it difficult to tell if the announcement had any effect.
- In India, the government's closer scrutiny of gold purchases in excess of 50,000 rupees (\$768) has cut the annual demand for gold during Diwali nearly in half. In contrast, the sales of cars, televisions, and refrigerators are up.

<u>Equities</u>	Current	Weekly	Monthly	YTD
<u>U.S.</u>				
Dow Jones	22,773.36	1.64%	4.43%	15.23%
S&P 500	2,549.27	1.19%	3.40%	13.87%
Nasdaq	6,590.18	1.45%	3.08%	22.42%
<u>Europe</u>				
FTSE	7,522.87	2.04%	2.29%	5.32%
DAX	12,955.94	0.99%	6.07%	12.85%
<u>Asia</u>				
Nikkei	20,690.71	1.64%	6.88%	8.25%
Shanghai	#N/A	#N/A	#N/A	#N/A
<u>Currencies</u>				
EUR/\$	1.173	-0.69%	-1.55%	11.55%
\$/Yen	112.650	0.12%	3.14%	-3.69%
UK/\$	1.307	-2.46%	0.19%	5.90%
<u>Bonds</u>				
10 Year	2.37	0.034	0.263	-0.076
Moodys AA	3.80	0.020	0.130	-0.230
<u>Commodities</u>				
WTI	\$49.31	-4.57%	0.31%	-8.21%
Brent	\$55.57	-3.42%	2.53%	-2.20%
Gold	\$1,277.10	-0.60%	-4.62%	9.56%

<u>Returns</u>			
Sector	1 Week	1 Month	YTD
Telecommunications	-1.11%	4.79%	-5.42%
Materials	1.90%	5.84%	10.60%
Energy	-0.58%	5.92%	-3.07%
Consumer Staples	-0.29%	-2.36%	-2.12%
Consumer Discretionary	1.79%	1.94%	6.27%
Financials	1.90%	8.71%	7.59%
Healthcare	1.40%	2.34%	10.99%
Industrials	1.32%	6.09%	8.57%
Technology	1.50%	2.88%	16.90%
Utilities	0.71%	-1.78%	3.55%

## **This Week from Blacksummit**

[Market Valuations and Devolution: Mythos, Madness, or an Allegory?](#)

John Charalambakis

### **Recommended Reads**

[Why Financial Markets Underestimate Risk](#)

Jeffrey Frankel

[The Coming Bear Market?](#)

Robert J. Shiller

[Germany: Why a Jamaica Coalition Deepens the Division of Society](#)

Alexander Grau

[Merkel Can't Ignore Deutsche Bank](#)

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