



Weekly Brief

BLACKSUMMIT
FINANCIAL GROUP

www.blacksummitfg.com

@blacksummitfg

5 November 2017

Market Action

- Global equities set record highs again during the week, against a backdrop of solid economic and earnings growth.
- U.S. job growth accelerated in October after hurricane-related disruptions in the prior month. The unemployment rate fell to 4.1%, a 16-year low, but wages increased at their slowest pace in more than 1-1/2 years.
- US president Donald Trump nominated Jerome Powell to replace Janet Yellen as Federal Reserve Board chair. The decision came as Republican leaders unveiled their tax reform plan, which hit shares of private equity groups and homebuilders amid proposals to cap the tax deductibility of interest and mortgage payments. Powell has been a member of the Fed Board of Governors since 2012. If confirmed, he is expected to maintain monetary policy continuity while rolling back some post-financial crisis banking reforms.
- The Bank of England's Monetary Policy Committee increased its policy rate from 0.25% to 0.5% this week, the first increase in more than 10 years. The MPC indicated that further rate hikes are expected "at a gradual pace and to a limited extent."
- Bitcoin broke the \$6,500 barrier to hit a new record level after the CME announced plans to launch bitcoin futures later this year. Prices reached a high of more than \$7,500 this week, according to CoinDesk, resulting in a bitcoin market capitalization of over \$120B. The introduction of bitcoin futures could bring more institutional investors into the market, boosting bets the cryptocurrency could enter the financial mainstream.
- The Nikkei surged almost 2% overnight after Shinzo Abe was re-elected prime minister. The election comes just days before President Trump's visit to Japan, which is expected to address concerns over a volatile North Korea.

<u>Equities</u>	Current	Weekly	Monthly	YTD
<u>U.S.</u>				
Dow Jones	23,538.76	0.45%	3.87%	19.11%
S&P 500	2,587.84	0.26%	1.97%	15.59%
Nasdaq	6,764.44	0.94%	3.52%	25.66%
<u>Europe</u>				
FTSE	7,560.35	0.74%	1.24%	5.85%
DAX	13,478.86	1.98%	3.92%	17.40%
<u>Asia</u>				
Nikkei	22539.12	3.68%	9.26%	17.92%
Shanghai	3,371.74	-1.32%	0.68%	8.64%
<u>Currencies</u>				
EUR/\$	1.161	-0.01%	-1.29%	10.36%
\$/Yen	114.120	0.40%	1.21%	-2.43%
UK/\$	1.308	-0.40%	-1.31%	5.96%
<u>Bonds</u>				
10 Year	2.33	-0.074	0.010	-0.112
Moodys AA	3.65	-0.120	-0.120	-0.380
<u>Commodities</u>				
WTI	\$55.64	3.23%	11.32%	3.57%
Brent	\$62.08	2.71%	11.25%	9.26%
Gold	\$1,270.30	-0.12%	-0.51%	8.97%

<u>Returns</u>			
Sector	1 Week	1 Month	YTD
Telecommunications	-2.62%	-11.05%	-13.20%
Materials	-0.52%	1.94%	12.00%
Energy	1.75%	0.45%	0.17%
Consumer Staples	0.05%	-1.71%	-2.92%
Consumer Discretionary	-0.77%	0.60%	5.08%
Financials	-0.11%	2.60%	12.47%
Healthcare	-0.66%	-1.67%	9.47%
Industrials	-0.77%	-0.60%	8.76%
Technology	1.84%	8.63%	22.53%
Utilities	0.28%	3.15%	6.66%

This Week from Blacksummit

[An Initial Look at Key Indicators for 2018: Could the Upswing Continue?](#)

John Charalambakis

Recommended Reads

[Artificial Intelligence's Winners and Losers](#)

Bill Alpert

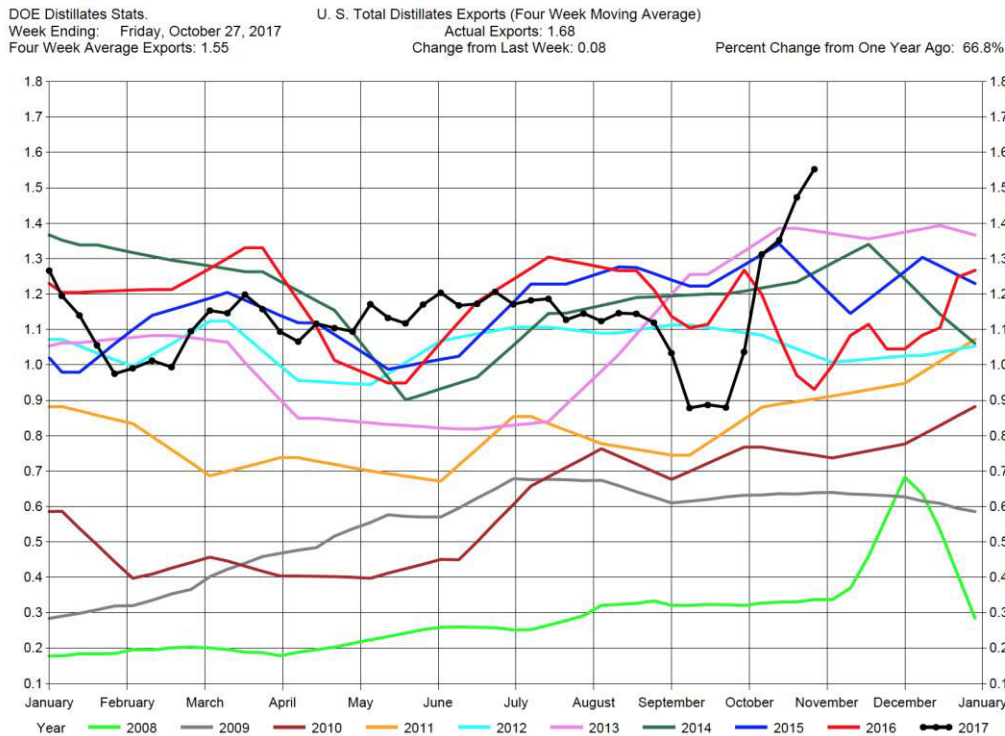
[The Changing Geopolitics of Energy](#)

Joseph S. Nye

[The Meaning of Xi Jinping's Power Grab](#)

Minxin Pei

Image of the Week



U.S. distillate exports reached their highest level in more than 10 years this month. In the first part of 2017 U.S. distillate exports increased significantly, setting record highs for three consecutive months from May through July before declining in August and September at least partly due to damage caused by hurricane activity. US refineries have now come back online just as demand for distillate products (such as heating oil, diesel, jet fuel and kerosene) ramps up for the fall and winter.