



Weekly Brief

BLACKSUMMIT
FINANCIAL GROUP

www.blacksummitfg.com

@blacksummitfg

9 December 2017

Market Action

- The U.K. and the E.U. reached an agreement Friday on Brexit terms after six months of tense talks. The deal clears the path for discussions to start next year on the new terms of trade between the U.K. and its biggest commercial partner.
- A report by the IMF warned of three internal threats to China's financial system: an excessively expansionary monetary and fiscal policy, the "shadow banking" sector, and "excessive risk-taking." The IMF previously warned in October that China's dependence on debt was growing at a "dangerous pace". The PBOC expressed disagreement with some points in the Thursday report, but also said the IMF recommendations are "highly relevant in the context of deepening financial reforms" in the country.
- U.S. President Donald Trump on Wednesday recognized Jerusalem as Israel's capital and said he would begin moving the U.S. embassy there. Arab and Muslim leaders warned this move could trigger new violence in the region, and on Thursday and Friday Palestinian protesters and Israeli security forces clashed in Jerusalem and the West Bank.
- Saudi Arabian warplanes bombed the presidential palace in Yemen's capital late Monday, stepping up attacks on Houthi rebels after they killed ex-President Ali Abdullah Saleh just as he appeared set to switch sides in the conflict. His death may alter the course of the war in the country, and comes as the U.S. Supreme Court upheld President Trump's travel ban on six Muslim-majority nations, including Yemen.
- The Bank for International Settlements (BIS) added its voice to institutions questioning whether stocks have become too expensive, saying they look "frothy," particularly in the U.S. According to the BIS quarterly report released last Sunday, "the vulnerabilities that have built around the globe during the long period of unusually low interest rates have not gone away... and high debt levels are still there."

<u>Equities</u>	Current	Weekly	Monthly	YTD
<u>U.S.</u>				
Dow Jones	24,328.81	0.40%	3.25%	23.11%
S&P 500	2,651.50	0.35%	2.20%	18.43%
Nasdaq	6,840.08	-0.11%	0.75%	27.07%
<u>Europe</u>				
FTSE	7,393.96	1.28%	-1.80%	3.52%
DAX	13,153.70	2.27%	-1.71%	14.57%
<u>Asia</u>				
Nikkei	22,811.08	-0.03%	-0.45%	19.34%
Shanghai	3,289.99	-0.83%	-3.67%	6.00%
<u>Currencies</u>				
EUR/\$	1.177	-1.10%	1.47%	11.87%
\$/Yen	113.490	1.18%	-0.33%	-2.97%
UK/\$	1.339	-0.65%	2.09%	8.51%
<u>Bonds</u>				
10 Year	2.38	0.015	0.042	-0.068
Moodys AA	3.59	-0.030	-0.050	-0.440
<u>Commodities</u>				
WTI	\$57.34	-1.75%	0.93%	6.74%
Brent	\$63.33	-0.63%	-0.25%	11.46%
Gold	\$1,249.80	-2.53%	-2.97%	6.92%

<u>Returns</u>			
Sector	1 Week	1 Month	YTD
Telecommunications	0.23%	10.22%	-0.58%
Materials	0.51%	0.94%	11.30%
Energy	-0.69%	-1.27%	2.91%
Consumer Staples	0.62%	5.00%	3.66%
Consumer Discretionary	0.52%	5.56%	7.43%
Financials	1.50%	6.55%	18.03%
Healthcare	-0.41%	1.34%	9.32%
Industrials	1.37%	3.27%	10.08%
Technology	0.08%	-1.53%	17.25%
Utilities	-1.02%	-0.18%	7.85%

This Week from BlackSummit

[Sector Focus: Semiconductors](#)

Ken Rietz and David Coulliette

Recommended Reads

[Ten Years Out](#)

Gideon Rachman et al.

[What's At Stake With the U.S. Recognition of Jerusalem](#)

Zachary Laub

[Maybe China Shouldn't Open Up](#)

Michael Pettis

[The End of the Social Era Can't Come Soon Enough](#)

Nick Bilton

[Bitcoin Mania: Even Grandma Wants In on the Action](#)

Peter Rudegear and Akane Otani

[The Global Economy in 2018](#)

Michael Spence

Video of the Week

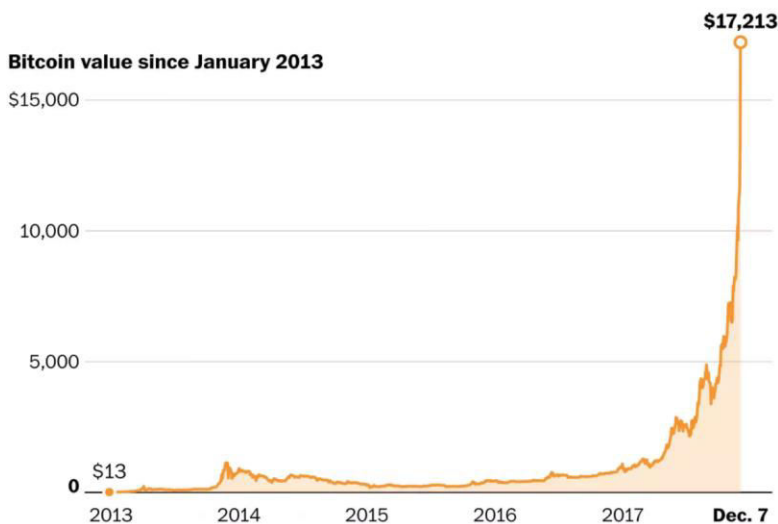
[Nigerian migrants return from Libya with stories of abuse](#)

Image of the Week

Bitcoin shot past \$15k, \$16k, \$17k in less than 24 hours then plunged more than \$3,000, swinging wildly on Friday between a high of \$17,154 and a low of \$13,964 according to tracking site CoinDesk.

Bitcoin rising

The value of Bitcoin has soared within the past year. The cryptocurrency is about to hit a milestone in the United States, with a bitcoin product set to trade on a U.S. commodities market for the first time Sunday.



Note: Data as of 6 p.m. Thursday

Sources: Bloomberg, Global Digital Asset Exchange

CHRIS ALCANTARA/THE WASHINGTON POST