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Market Action

- Despite recent polling data and betting markets strongly pointing towards a vote for remaining with Europe, “Brexit” became a reality. The U.K.’s choice to exit the European Union sent risky assets into a tail spin. Stocks sold off around the world on Friday and capital fled towards safe havens as core European bonds, Treasuries, the Yen, the Dollar, and gold all rose as a result.

- PM David Cameron promptly announced his resignation on Friday in reaction to the referendum’s results, with a new leader expected to take over in October. Britain still has to formally invoke Article 50 of the Lisbon Treaty to formally start the exit process, which could take two years or more.

- Britain’s exit has analysts and investors asking what the future holds for the Euro. A number of leaders from various countries including France, Spain, the Netherlands, and more have been voicing a desire for a referendum and departure from the EU. Spain holds elections Sunday while Italy has crucial elections later this year after electing a populist in Rome.

- Elsewhere in Europe, the ECB gave clearance for Greek government debt to be accepted as collateral. The move provides key credit relief for Greece as it was shut out for the past 16 months and could help the country lift capital controls.

- Poor economic data continues to stream out of Japan. Exports fell for the eighth consecutive month while the latest PMI came in weaker than anticipated and remains at contraction levels. The IMF urged Japan to reform its labor market and abandon a calendar target for achieving 2% inflation.

- Saudi Arabia’s oil minister believes that the worst is over for energy producers. The minister declared that supply excesses have been overcome with an inventory hangover the last remaining obstacle for higher energy prices.

<u>Equities</u>	Current	Weekly	Monthly	Year to Date
<u>U.S.</u>				
Dow Jones	18,011.07	1.57%	2.96%	2.31%
S&P 500	2,037.41	-1.63%	-1.86%	-0.32%
Nasdaq	4,707.98	-1.92%	-3.15%	-5.98%
<u>Europe</u>				
FTSE	6,138.69	1.95%	-1.30%	-1.66%
DAX	9,557.16	-0.77%	-1.30%	-11.04%
<u>Asia</u>				
Nikkei	14,952.02	-4.15%	-9.37%	-21.44%
Shanghai	2,854.29	-1.07%	1.16%	-19.35%
<u>Currencies</u>				
EUR/\$	€ 1.11	€ (0.01)	€ (0.00)	€ (0.01)
\$/Yen	¥ 102.17	¥ 2.11	¥ 7.72	¥ 2.11
UK/\$	£ 1.36	£ 0.07	-£ 0.10	-£ 0.07
<u>Bonds</u>				
10 Yr Treasury Yield	1.56	-0.052	-0.305	-0.052
Moody's A	#N/A	#N/A	#N/A	#N/A
<u>Commodities</u>				
WTI	\$ 47.57	\$ (0.41)	\$ (1.05)	\$ (0.41)
Brent	\$ 50.21	\$ (0.62)	\$ (0.40)	\$ (0.62)
Gold	\$ 1,319.10	\$ 24.30	\$ 89.90	\$ 258.90

Sector	1 Week	1 Month	YTD
Materials	-2.55%	-2.09%	5.67%
Telecommunications	1.36%	7.86%	17.80%
Consumer Staples	-0.77%	1.14%	5.04%
Consumer Discretionary	-2.23%	-2.64%	-2.47%
Energy	-0.62%	0.81%	10.99%
Financial Services	-2.44%	-5.96%	-7.40%
Healthcare	-0.94%	-1.18%	-3.72%
Industrials	-1.54%	-1.29%	0.59%
Technology	-2.08%	-3.47%	-3.48%
Utilities	-0.27%	4.83%	16.42%

This Week From Blacksummit

[After Brexit: Now It's Italy's Turn](#)

Daniel Stelter

[Brexit, Delusions, Fiat Money, and Economic Prospects: Historical Reflections](#)

John E. Charalambakis

Recommended Reads

[Brexit Will Reconfigure the UK Economy](#)

Martin Wolf, Financial Times

[Rebalancing, Wealth Transfers and the Growth of Chinese Debt](#)

Michael Pettis

[Why General Electric is Localising Production](#)

Karan Bhatia, Simon Evenett, Gary Hufbauer, Vox

Image of the Week: The Pound Hits 30 Year Low on Brexit

