



Weekly Brief

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Market Action

- Stocks moved lower on the week as volatility remained elevated. Last Friday marked the nine-year anniversary of the current bull market for U.S. stocks, which have logged more than 108 months without posting a decline of 20% that marks a retreat into bear territory.
- The Bank for International Settlements warned central banks not to be deterred from lifting interest rates or ending years of unprecedented stimulus because of the recent volatility in global financial markets, saying that fears and trade war worries are making the "delicate task" of trying to normalize policy more complicated.
- As Russia prepares to hold its national election this weekend—with President Vladimir Putin poised to win comfortably—the tension with Europe and the U.S. deepens. The Trump administration finally introduced new sanctions against Moscow for meddling in the 2016 presidential campaign and waging cyberattacks on critical U.S. infrastructure. Washington also backed growing European criticism of the Kremlin over the poisoning of a Russian former double agent in the U.K., saying it breached international law.
- The OECD released new forecasts for growth in major economies, raising its projections for the U.S. in response to the recent tax and spending bills. The agency didn't forecast the impact of new U.S. tariffs, but it joined other organizations and governments in warning of the dangers posed by a trade conflict.
- China and Hong Kong are preparing to launch depository receipts. That would open the door to some of the country's top tech firms issuing a form of shares on the mainland, according to Shanghai Securities News. The guidelines for China depository receipts (CDRs), similar to American depository receipts, are likely to be finalized in the second half of this year.
- In Pennsylvania's closely watched special election for a U.S. House seat, Democrat Conor Lamb won with a razor-thin lead in a district which Trump had won by nearly 20 percentage points in 2016.
- President Donald Trump fired his Secretary of State Rex Tillerson, choosing CIA Director Mike Pompeo as his successor just as the White House plans to open talks with North Korea and a decision looms on the Iran accord.
- Slovak Prime Minister Robert Fico and his government resigned Thursday after the political crisis triggered by the slayings of an investigative journalist and his fiancée; the resignation was done to keep the current three-party coalition in power and avoid having early elections.

<u>Equities</u>	Current	1 Week	1 Month	YTD
<u>U.S.</u>				
Dow Jones	24,946.51	-1.54%	0.21%	0.92%
S&P 500	2,752.01	-1.24%	1.98%	2.93%
Nasdaq	7,481.99	-1.04%	4.74%	8.38%
<u>Europe</u>				
FTSE	7,164.14	-0.84%	-0.69%	-6.81%
DAX	12,389.58	0.35%	0.41%	-4.09%
<u>Asia</u>				
Nikkei	21,676.51	0.97%	2.47%	-4.78%
Shanghai	3,269.88	-1.13%	2.21%	-1.13%
<u>Currencies</u>				
EUR/\$	1.229	-0.14%	-1.29%	2.37%
\$/Yen	106.010	-0.76%	-0.93%	-5.93%
UK/\$	1.394	0.66%	-0.41%	3.17%
<u>Bonds</u>				
10 Year	2.84	-0.049	-0.058	0.439
Moody's AAA	3.95	-0.080	-0.060	0.390
<u>Commodities</u>				
WTI	\$62.34	0.48%	2.87%	3.18%
Brent	\$66.21	1.10%	2.87%	-0.99%
Gold	\$1,312.30	-0.88%	-3.37%	-0.13%

<u>Returns</u>			
Sector	1 Week	1 Month	YTD
Telecommunications	-0.66%	-0.16%	-6.36%
Materials	-3.21%	-1.77%	-3.59%
Energy	-0.85%	-1.18%	-8.29%
Consumer Staples	-2.12%	-2.08%	-6.06%
Consumer Discretionary	-0.71%	0.96%	5.14%
Financials	-2.40%	0.44%	3.59%
Healthcare	-0.95%	2.14%	2.25%
Industrials	-1.98%	0.74%	0.30%
Technology	-0.97%	6.15%	8.61%
Utilities	2.56%	3.74%	-3.69%

This Week from BlackSummit

[Sector Focus: Financials](#)

Ken Rietz and Dave Coulliette

Recommended Reads

[America's Military Is Nostalgic for World Wars](#)

Micah Zenkho

[Theresa May's Impossible Vision for Brexit](#)

Jonathan Hopkin

[China Banking Crisis Warning Signal Still Flashing, BIS Says](#)

John Glover

Video of the Week

[Stephen Hawking: Colleagues reflect on scientist's brilliance](#)

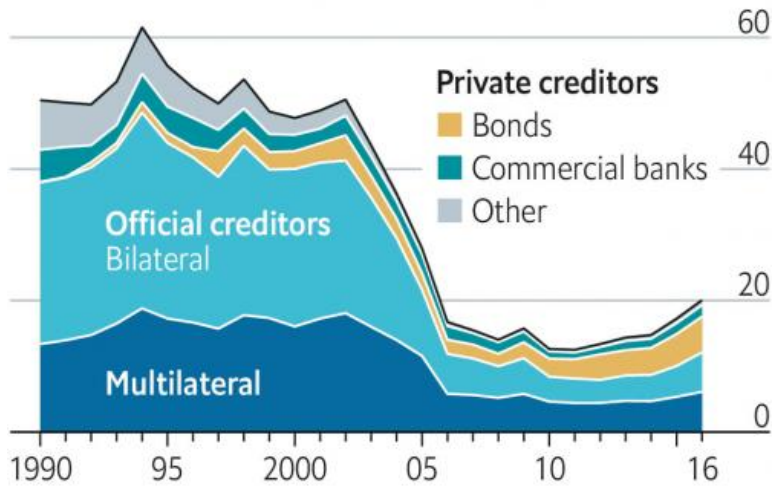
Image of the Week

Distressing

Sub-Saharan Africa*

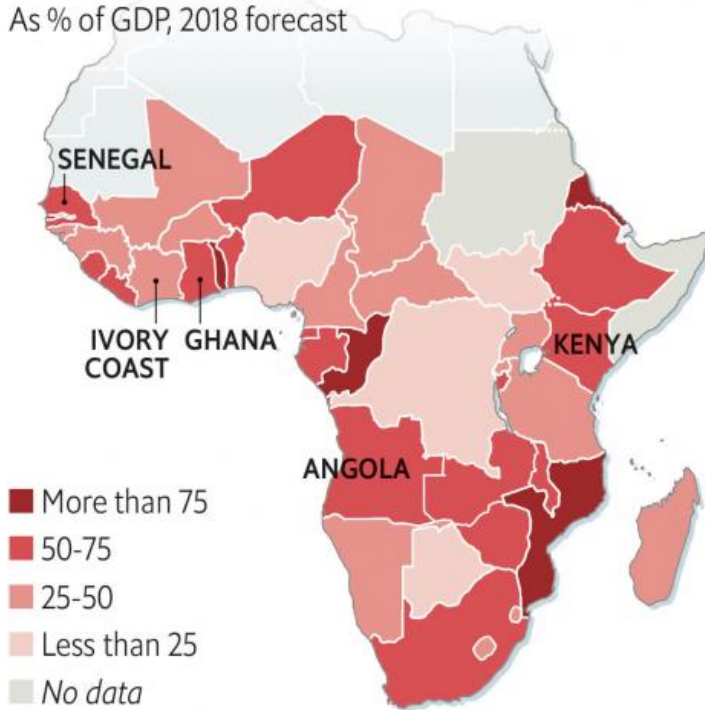
Public and publicly guaranteed external government debt

As % of gross national income



Government debt

As % of GDP, 2018 forecast



Source: IMF

*Excluding Mauritania and Djibouti